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WORLD NEWS

Trapped miners rescued

Ten coal miners were brought to safety after being trapped under rubble when a roof collapsed at High Moor pit near Sheffield.

The men were trapped when about 600 tons of rubble blocked the mine's underground roadway, two miles from the mine exit. Rescuers, including mine manager Ernest Hardy, dug through and helped the men out one at a time. All 10 were said to be virtually unhurt.

Air crash kills two

Two RAF crew were killed and a West German pilot injured when a British Tornado collided with two West German air force Alpha jets in low-flying exercises near the north West German coast.

Last year, five died when a US jet crashed onto a West German town and 87 were killed at the Ramstein airshow.

Libya returns body

Libya released the body of a US airman killed during a 1986 bombing raid. The body was handed over at Rome's military airport to Vatican representatives and Italian officials.

West German legal move

West German authorities initiated legal proceedings against chemical company Imhausen-Chemie, suspected of violating export regulations and accused by the US of helping Libya to build a poison gas factory.

Airport security boost

Transport minister Paul Channon ordered extra security measures at British airports after allegations that two reporters breached security at Heathrow airport. Page 4

Waldegrave's PLO talks

Foreign Office Minister William Waldegrave was poised to meet Palestine Liberation Organisation chairman Yassir Arafat in Tunis last night. Page 22

Doubt over survivors

Reports that six Armenians had been found alive under earthquake rubble after 35 days could not be confirmed, said Tass, the Soviet news agency. Page 2

Zaire breaks Belgian link

Zairean President Mobutu Sese Seko unilaterally renounced friendship and co-operation treaties with its former colonial master, Belgium, and halted debt repayments.

French N-plant reopened

France will today reopen the 1,200MW Superphenix fast breeder nuclear reactor in the foothills of the Alps, 20 months after it was closed because of a coolant leak.

Amin refused entry

Former Ugandan president Idi Amin, expelled from Zaire to Senegal on Thursday for trying to get back into Africa under a false name, was not permitted to fly to Saudi Arabia, where he had been living in exile.

Shamir to attend talks

Israeli prime minister Yitzhak Shamir agreed to attend an international conference on improving conditions in Palestinian refugee camps in Israeli-occupied territory.

Friday 13 'virus'

A software "virus" burrowed into hundreds of IBM personal computers in UK offices and homes, destroying information and reproducing itself like bacteria. It was programmed to attack on Friday the 13th.

City gents 'too fat'

Nearly a quarter of City executives are too fat and one in seven is so unfit that the quality of their life is affected, according to a team of City doctors. Page 5

Paris-Dakar winner

Ari Vatenen of Finland won the Paris-Dakar motor rally in a Peugeot 405 Turbo 16.

BUSINESS SUMMARY

Management consortium may buy Brel

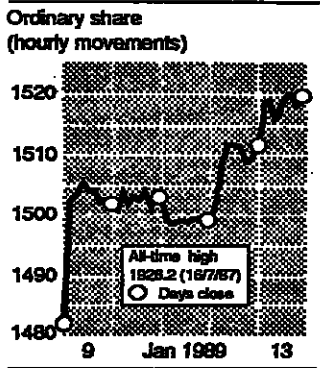
BRITISH RAIL Engineering, BR's heavy engineering subsidiary, may be bought by a management and employee consortium for not less that £20m.

The consortium, which will be backed by Trafalgar House and Asea Brown Boveri, is the bidder preferred by the British Railways Board. Page 22; Sigh of relief at Brel, Page 4

FT Ordinary Index rose 38.4 across the week, closing yesterday at 1,519.7, a rise of 7.8 on the day. London Stock Exchange, Page 15

FT Index

Ordinary share (hourly movements)



CENTRAL BANKS unsuccessfully intervened in Europe to stop the dollar's steep rise. Co-ordinated dollar sales were conducted aggressively, but the intervention was modest and took place in thin trading. Page 22

US retail sales in December rose by only 0.2 per cent against an expected 1.4 per cent, sparking off a rise in bond prices. Page 2

NIKKEI Index surged 154.93 to yet another record close of 31,298.38, boosted by a week of strong gains and bullish sentiment. World Stock Markets, Pages 12,13

BANK OF ENGLAND held the first reverse auction of £500m of UK Government debt at prices close to market level. Page 4

WOGEN RESOURCES, London metal trading group, will return $800,000 (£448,000) profits from selling options and futures contracts to US companies after allegations that it illegally sold off-exchange futures in the US. Page 5

ROVER GROUP, UK's biggest car maker, is to integrate its management structure across the whole group, except for commercial activities. Page 4

WEST GERMANY has given only partial approval to the proposed takeover of Lansing Bagnall, UK's largest lift truck manufacturer, by Linde, West German industrial group. Page 4

HONG KONG may amend its new Securities and Futures Commission Bill to placate brokers who fear over-regulation may slow the securities market. Page 2

US chipmakers are to try to form consortia to make Dynamic Random Access Memory chips to counter the prospect of Japanese domination of the electronics and computer industries. Page 2

MFI Furniture Group reported interim operating profits up by 56.2 per cent to £48.9m for the 28 weeks to November 12. Page 8; Lex Page 22

BURMAH OIL, lubricants group, raised its stake in Premier Consolidated Oilfields, independent oil company, from 25 to 29.9 per cent. Premier's shares closed up 3½p at 76½p. Page 8

MOET HENNESSY-Louis Vuitton, French champagne, cognac and luxury products group, appointed Bernard Arnault as chairman to replace Alain Chevalier, who resigned on Thursday. Page 11; Lex, Page 22

CIBA-GEIGY, Swiss chemical group, reported 1988 turnover up by 11.8 per cent to SFr17.6bn (£6.33bn). Page 11

General Electric and GEC in European joint ventures

By Terry Dodsworth and Hugo Dixon

GENERAL Electric of the US and the General Electric Company of the UK, two of the world's leading industrial groups, are planning to pool several of their European activities in a move that will bring sweeping changes to the European electrical and electronic industries.

The announcement of the two companies' plans in London means a further shake-up for an industry already stunned by a series of joint venture and takeover moves over the last two months.

GEC has played the key role in these manoeuvres with the launch of the £1.7bn hostile takeover bid for Plessey, the UK electronics group, in co-operation with Siemens of West Germany.

The news was delivered personally by two of the world's most powerful but elusive businessmen, Mr Jack Welch, chairman of GE, and Lord Weinstock, the mercurial managing director of GEC, who has been under severe pressure from shareholders over the group's lacklustre performance over the last few years.

The two men made clear that they saw the deal as a crucial element in their strategy of developing global enterprises.

Both of them stressed the importance of the agreement as a response to the competitive challenge they believe will emerge in Europe as internal trading barriers are brought down in 1992.


Ashley Ashwood

Jack Welch of General Electric and Lord Weinstock of GEC announcing the deal

Mr Welch said: "We intend to become number one or number two in global markets in every business in which we operate. We have chosen to enter Europe in these businesses in co-operation with GEC and Lord Weinstock."

Lord Weinstock, who stressed that European companies must not develop a "Fortress Europa" attitude, said that GEC needed international partners to face the coming challenge of more open markets.

"I am happy that GE has chosen to penetrate European markets through us and with us," he said.

The joint activities with GE will involve European companies with turnover of about $2.3bn(£1.3bn). They comprise:

- Consumer products, in which a 50/50 joint venture is being formed to bring together GEC's UK Hotpoint division, which has sales of about £600m and GE's much smaller European activities. GEC will be in control of this activity.
- Medical equipment, formed from GEC's relatively small business in Europe and GE's business, which was expanded last year with the acquisition of CGR in France. GE will run this business.
- Electrical distribution, in which a £200m turnover group is being formed for activities in low voltage assemblies, plugs and sockets and so on. GEC will lead this management team.
- Gas turbines, where GE is

Continued on Page 22

A European base, Page 8; Stock market report, Page 15; Day of reckoning, Weekend Page I

Jack and Arnold's double act

By Hugo Dixon

IT IS a rare event for either Arnold Weinstock or Jack Welch to speak to the press. So it was quite something when the two of them gave a joint press conference in London yesterday afternoon to announce their elaborate four-pronged joint venture.

Not to say that they were the only well-known faces at the Londonderry Hotel in Mayfair. Jim Prior, the silver-haired elder statesman who is now GEC's chairman, graced the proceedings as did Tim Bell, the Prime Minister's special public relations adviser.

But the stars of the conference were Arnold and Jack – trading jokes amidst their talk about grand alliances which will reshape European industry. Only one of the microphones worked, meaning the stars had to do a double act.

"We've got to do something about Britain's electrical industry and that's why we've got to get get closer," Arnold quipped.

He really scored when he told the one about the exchange of transatlantic telegrams.

The first came from Jack: "I would love to do business with you, but please don't take my shirt off my back." Arnold's reply: "I would like to do business with you Jack. But just think how we would look in public – you without a shirt and me without my pants."

But his pride was pricked when Jack was pressed on whether he had considered joining the Metsun consortium in bidding for GEC. Arnold thought he should have been asked whether he had considered bidding for GE.

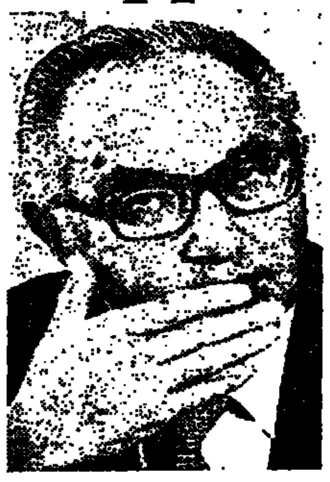
Jack was then asked whether his dances with Metsun had concentrated Arnold's mind. "The last thing I would like to do is get into Lord Weinstock's mind," he said.

Jack also had a better head for figures. He said he was putting into the joint venture businesses with sales of just over $1bn (£562m). Arnold could not remember how big his businesses were. The crowd could not believe this. Jack came to the rescue: "He is putting in 1.6bn in dollars."

Jack clearly didn't want to give the impression that he was gobbling Arnold up. "One thing they haven't given up is control."

The world's press, however, was not convinced, especially when Arnold let it slip: "If you can't beat them, join them".

Weekend FT



Dynasties' day of reckoning

For 20 years, a personal battle of wits and wills has raged between two powerful men — GEC's Arnold Weinstock (above) and Plessey's John Clark. Suddenly, the tenure of both men is under threat. John Plender and John Lloyd report.

Page I

Finance

Abbey National takes the plunge

Page IV

Minding Your Own Business

Roy Hodson introduces a regular page on the world of Small Businesses

Page VIII

Diversions

The City: When the firing starts — a report by Christian Tyler. Plus Gardening, Fishing, How To Spend It, Cookery and Peter Lewis on Food

Pages XVI, XVII

Sport

Philip Coggan on the soccer season to date; and John Barrett reporting from the Australian Tennis Open in Melbourne

Page XX

Berry ousted as Blue Arrow chief

By Philip Coggan in London, James Buchan in New York and William Dullforce in Geneva

MR Tony Berry, who has spearheaded the growth of Blue Arrow into the world's largest employment agency, has been ousted from his executive duties in a dramatic boardroom coup.

The new chief executive will be Mr Mitchell Fromstein, who resigned from the board five weeks ago after disagreements with Mr Berry. The return is a triumph for Mr Fromstein, who was president of Manpower, the US group acquired by the much smaller Blue Arrow in 1987 after a hostile $1.3bn (£730m) bid battle.

Mr Berry will become non-executive chairman. Blue Arrow said yesterday that at a board meeting on January 12 "it was agreed that in view of the differences between the directors as to management styles, Tony Berry would relinquish his executive duties."

In addition Mr David Atkins, the deputy chairman, will give up his executive responsibilities and become a non-executive director. The pair have agreed terms of compensation, with Mr Berry's share believed to be worth about £500,000.

Yesterday's news was welcomed by a group of Manpower franchisees who have been lobbying for Mr Berry's removal since Mr Fromstein departed.

"Hallelujah!" said Mr Marvin Goodman, owner of a string of Manpower businesses in Canada and chairman of the Association of Manpower Franchise Owners. "This returns to the head of Manpower the man who made Manpower great."

The coup represents a bitter blow for Mr Berry, who took charge of Blue Arrow in 1982 when it was a small private company. Having joined the Unlisted Securities Market in 1984, capitalised at just £3.1m, Blue Arrow grew at a rapid rate via the purchase of other agencies such as Brook Street Bureau and Hoggett Bowers.

The Manpower bid was the most ambitious, requiring a five-for-two rights issue of shares worth £837m, at that date the largest ever in the UK.

However, the successful takeover proved a pyrrhic victory for Mr Berry. It was quickly followed by the stock market crash and Blue Arrow's shares have languished a long way below the rights issue price ever since. Mr Berry had personally borrowed nearly £8m to take up his rights.

It also emerged that County NatWest, the investment banking arm of National Westminster Bank and then Blue Arrow's advisers, ended up with a 9.4 per cent stake in the company following the placing. That holding is now the subject of a Department of Trade and Industry enquiry.

Yesterday a Blue Arrow spokesman said that the boardroom changes were entirely unconnected with the DTI inquiry. It is understood that the directors, who include non-executives Mr Norman Tebbit MP and Mr Dennis Stevenson, the management consultant, felt that Mr Berry's deal-making skills were not necessarily appropriate for the management of such a large worldwide group.

In contrast, Mr Fromstein, according to one observer, is "quite clearly, on his track

Continued on Page 22

Rise and fall of a star, Page 4; Lex, Pagee 22

West Germany in Libya probe

By David Goodhart in Bonn

A CRIMINAL investigation has been launched in West Germany into Imhausen-Chemie, the small Black Forest-based chemical company at the centre of allegations of West German involvement in supplying Libya with a potential chemical weapons plant.

Only last week Imhausen was cleared by local investigators of any breach of the Foreign Trade Act after the company was named in US press reports at the end of last month as a supplier to the chemical plant at Rabta.

The decision yesterday by the public prosecutor in Offenburg to open a criminal investigation follows increasingly detailed reports in the West German press, inspired by US intelligence, about the role of at least 30 German companies.

For nearly two weeks, the Bonn Government stressed the inadequacy of US evidence against West German companies. Now the Government says that its own secret service has known about the involvement of West German companies since the end of September.

The daily paper Die Welt today reports Mr Hans-Georg Wieck, the President of the Federal Secret Service Organisation, BND, as saying that the office of the Chancellor, Mr Helmut Kohl, was informed on September 30.

The magazine Stern, quoting US intelligence sources, has claimed that the first tip-offs came at the end of 1987. Although that may be an exaggeration, the Bonn Government is clearly embarrassed at how slowly it is shown to have responded.

US officials put this down to a combination of deep institutional hostility to any attack on exports and a legalistic dismissal of any evidence which cannot convict in court, a category which includes most intelligence information.

Most of the 10 or so named companies have made no public comment about their involvement, although one – the Huennebeck, based near Düsseldorf – admitted supplying a piece of equipment to a customer with no idea that it might end up in Libya. This is probably true of most of the companies involved.

On Wednesday night Mr Jozef Gedopt, director of an Antwerp shipping company, was arrested for falsifying documents and allegedly redirecting materials to Libya.

Peter Marsh in London adds: Mr Lionel Chambers, a UK chemical engineer involved in a $2bn (£1.1bn) project to build Libya's biggest petrochemical complex, said yesterday that during his two years in Libya, he had never heard of the chemicals-production facility at Rabta, which the US believes is for making chemical weapons, but Libya says is for pharmaceuticals production.

Mr Chambers, a director of the UK subsidiary of Stone and Webster, a US engineering contractor, left Libya at the end of 1985. The company had been among the main Western companies building the petrochemical complex at the port of Ras Lanuf, 400 miles from Rabta.

The petrochemicals site includes a facility for making 300,000 tonnes a year of ethylene – a basic feedstock in the chemicals business – which entered operation in 1986.

Mr Chambers said he would have thought it "rather strange" for Libya to have built a pharmaceuticals plant such a long way from the petrochemical plant, whose facilities could have been shared.

US seeks Briton accused of nerve gas plot, Page 2

MARKETS

STERLING
New York lunchtime:
$1.776
London:
$1.78 (1.7845)
DM3.26 (3.2575)
FFr11.115 (11.1125)
SFr2.78 (2.7775)
Y225.6 (225.25)
£ index 98.1 (98)

GOLD
New York: Comex Feb
$405.4
London:
$405.75 (404.25)

N SEA OIL (Argus)
Brent 15-day Feb
$16.90 (16.30)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime
DM1.8375
FFr6.2555
SFr1.5665
Y127
London:
DM1.832 (1.8255)
FFr6.245 (6.2275)
SFr1.5615 (1.556)
Y126.65 (126.15)
$ index 66.5 (66.4)
Tokyo close: Y126.65

US LUNCHTIME RATES
Fed Funds 9$\frac{1}{16}$%
3-mo Treasury Bills: yield: 8.51%
Long Bond: 101$\frac{5}{32}$
yield: 8.88%

STOCK INDICES
FT-SE 100:
1,862.1 (+11.2)
FT Ordinary:
1,519.7 (+7.8)
FT-A All Share:
961.80 (+0.7%)
FT-A long gilt yield index high coupon:
9.24 (9.16)
New York lunchtime
DJ Ind. Av.
2,225.36 (+3.04)
Tokyo: Nikkei
31,298.38 (+154.93)

LONDON MONEY
3-month interbank:
closing 13$\frac{3}{16}$% (same)

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Dispute delays human rights pact

By Judy Dempsey in Vienna

FORMAL agreement on a human rights document, considered to be a landmark in East-West relations, is being held up by a dispute between Greece and Turkey over what area of Turkey should be excluded from new conventional arms reduction talks.

Mr Warren Zimmerman, the chief US delegate at the Conference on Security and Co-operation (CSCE) review conference in Vienna, made it clear that, although provisional agreement had been reached on the human rights document, the meeting could not be concluded without an agreement on terms of reference for the so-called conventional stability talks.

Unless such an accord is reached, the foreign ministers from the 35 participating nations will not be able to put their seal of approval next week on the final document, which crowns more than two years of laborious negotiations.

The 16 states of the North Atlantic Treaty Organisation and the seven Warsaw Pact members, who are working out the "mandate" for the CST negotiations, yesterday again failed to break the deadlock between Greece and Turkey over the disputed exclusion zone.

Last week, the Greeks insisted that the southern Turkish port of Mersin, which is the main staging post for Turkish troops in northern Cyprus, be included in the area to be covered by arms reductions, a proposal which the Turks oppose.

However, Nato diplomats continued to hold out some hope that a compromise formula might be found before the scheduled start of the ministerial meeting next Tuesday.

The delay in the CST mandate talks overshadowed provisional acceptance yesterday by all 35 CSCE participating states of a document which spells out in detail greater rights for the citizens of Eastern Europe and the Soviet Union.

All the outstanding problems in the final text were resolved early yesterday morning when the neutral and non-aligned countries made some amendments to the draft document at the insistence of delegations from the US, Canada and Britain.

These included firmer language on the right of individuals to apply for emigration from the Soviet Union even if they had been involved in sensitive work. Even Romania, which had long been the main stumbling block to agreement on some of the main human rights provisions, gave its assent in principle to the document.

Mr Zimmerman said yesterday in a special television link-up between European capitals that the Vienna meeting would mark the start of a continuous human rights monitoring process. As many as 10 meetings, four of them entirely devoted to human rights, had been scheduled for the next two years or so.

The US delegate denied suggestions that the West had made a big concession to the Soviet Union in agreeing that a human rights conference should be held in Moscow in 1991. On the contrary, the venue would give greater transparency to the Soviet human rights record and act as an incentive to the Soviet Union to do better.

González sacks Spain's broadcast chief

By Peter Bruce in Madrid

SPAIN'S Socialist Prime Minister, Mr Felipe González, after fumbling the issue for more than three months, yesterday sacked Ms Pilar Miro, his close friend and head of the national radio and television service RTVE.

Mr Luis Solana, chairman of the telecommunications monopoly, Telefonica, for the past six years, takes over the job.

It was not known late yesterday who would replace Mr Solana at Telefonica, the most widely traded Spanish equity on international stock exchanges. Officials at Telefonica expect a name to "emerge" late next week and suspect that the new chairman will be brought in from outside the company.

Mr González has been widely criticised for not dismissing Ms Miro last autumn, when it was discovered she had been using her corporate gold Visa card to buy clothes and jewellery 000 in 1987 and last year. She quickly offered her resignation, and has since returned the money.

González: criticised

It is assumed he has been reluctant to replace her at a time of rising political tension with Spanish trade unions, which has made the Government dependent on sympathetic television treatment. His failure to sack her was an important factor behind the huge support given to a 24-hour general strike which was called by the unions last month.

Mr Solana is a loyal socialist and his brother, Javier, is the Minister of Education. Mr Solana had been anxious for some time to leave Telefonica after being criticised for the deterioration in the company's telephone service in the last year. He had wanted to become Madrid's ambassador to Washington.

The Government still controls 35 per cent of Telefonica. Just over 20 per cent is held by foreign shareholders and the rest by Spanish institutions and citizens. Although Mr Solana has converted Telefonica into a profitable, attractive investment, he has been accused by customers of putting profits before service. Some 350,000 people are waiting for telephones to be installed and more than 20,000 small villages still have no telephones.

Analysts expressed concern yesterday that Mr González might try to replace him with someone more sympathetic to consumers. Telefonica, which is capitalised at some Pta800bn (£4bn), was popular with foreign investors three years ago but its failure to pay more than a Pta55 dividend since its stock was first quoted abroad in 1985, despite a dramatic rise in profits, has disenchanted international markets.

"People in London have been irritated with Telefonica for a long time," said Mr Tim Orchard, a Spanish analyst with Warburgs, yesterday. The company's net profits rose to an estimated Pta68bn last year from Pta45bn in 1986 but its frequent cash calls and bond issues have depressed dividends. Telefonica has just announced an interim 1988 dividend of Pta25, implying that the payout for the whole of last year will stick at Pta55.

The appointment of a "consumer friendly" replacement will not enhance its reputation with investors but political considerations will weigh heavily with Mr González. Telefonica's poor service has become an important political issue.

Americans seek Briton accused of nerve gas plot

By Peter Riddell in Washington

THE US is seeking the arrest of a British businessman for his alleged part in a conspiracy to export illegal nerve gas from the US. But British customs officials yesterday said they had found no evidence of offences committed within the UK.

Mr Charles Caplan, who runs Domino Associates, a defence supplier based in north London, has been named in papers filed with a US court as part of the alleged conspiracy. This follows the arrest late on Thursday in New Jersey of Mr Juwhan Yun, a Korean-born US citizen, on charges of participating in a conspiracy to buy and export 125 tons of Sarin, a deadly nerve gas, for $5m.

The deal was not completed. British customs officials said yesterday they had been approached by the US authorities over the case and had conducted their own inquiries.

"We have been unable to produce any evidence that an offence has been committed in the UK." A customs spokesman also questioned whether the offence for which Mr Caplan is wanted in the US is extraditable from Britain.

Mr Michael Chertoff, an assistant US Attorney for New Jersey, said the eventual destination of the gas was believed to have been Iran, though that could not be verified.

The inquiry involved the use of an undercover agent and wiretaps, as well as investigation of meetings in London in which Mr Caplan allegedly approached Mr Yun to buy 500 500lb nerve gas bombs. Mr Yun, president of Komex International Corporation of New Jersey, allegedly also sought to buy Tow 1 and Tow 2 missiles, a Stinger missile and radar components.

US chipmakers plan consortia

By Louise Kehoe in San Francisco

US HIGH technology companies have agreed to try to form one or more consortia to manufacture Dynamic Random Access Memory (DRAM) chips, the data storage devices that have been at the centre of US-Japanese trade friction over the past five years.

The move reflects the prospect of Japanese domination of the electronics and computer industries.

US semiconductor manufacturers and consumers plan to join forces in an effort to increase substantially US DRAM production, the industry groups announced through their trade associations, the American Electronics Association, which represents 3,500 electronics manufacturers, and the Semiconductor Industry Association, speaking for the chip producers.

The announcement of their plans represents a major breakthrough in the US-Japanese semiconductor trade debate. Without increased presence in the DRAM market, currently valued at $5.6bn (£3.14bn), and expected to grow to more than $10bn by 1992, the US fears that its position in all fields of electronics will continue to deteriorate.

Ideas for user-producer alliances in DRAM production have been circulating in the US industry for the past 18 months. Insiders now say, however, that the companies are willing to act.

Most US semiconductor manufacturers, with the exception of Texas Instruments, dropped out of the DRAM market in the mid-1980s in the face of severe foreign competition, principally from Japan. Both the industry and the US government charged Japanese companies with illegally "dumping" DRAMs in the US at prices below cost. These charges were eventually settled by the 1986 US-Japanese Semiconductor Trade Agreement.

Since the signing of the trade pact, the US Commerce and Defence Departments have been anxious to see an increase in US DRAM production capability. To date, however, little progress has been made.

US computer manufacturers have however become increasingly concerned about the lack of adequate US DRAM manufacturing capability in the face of a severe DRAM shortage and now appear ready to share the cost of DRAM manufacture. Proposals will be circulated throughout the industry for the formation of consortia or alliances, the industry groups said.

The industry groups also reiterated their concerns about a potential recurrence of Japanese dumping and agreed to review the progress that has been made to date on foreign access to the Japanese semiconductor market.

Chip makers claim that they are still facing significant barriers in Japan, and may propose increased trade sanctions.

Growth in retail sales slows

By Anthony Harris in Washington

US RETAIL sales rose by a scant 0.2 per cent in December, the Department of Commerce announced yesterday.

The increase was sharply below market expectations of 1.4 per cent and sparked an immediate rise in bond prices. The securities markets had feared a big rise might lead to further interest rate increases designed to restrain consumer demand.

The news appears to contradict company reports of strong Christmas sales; but the official figures are seasonally adjusted to allow for the extra trading days in 1988, while in the company reports this factor was relegated to a footnote.

The November retail sales figure was revised down from a 1.1 per cent increase to 0.9 per cent, so for the two months together the increase is 1.1 per cent instead of an expected 2.5 per cent – not enough to offset a weak performance in earlier months.

For the year as a whole retail sales were up 6.7 per cent in money terms, or well under 3 per cent in real terms, confirming the earlier impression of slower growth in domestic demand.

House sales have also slowed sharply in the last two months after recovering briskly in mid-year.

The department also announced a 0.4 per cent increase in producer prices in December, a figure which would have come in at 0.6 per cent without the weak food and energy sectors.

However, food prices rose strongly earlier in the year as a result of the drought, and the 4.5 per cent rise in producer prices through the whole of 1988 confirms that although inflation has been accelerating – the rise in 1987 was only 2.2 per cent – it remains moderate.

Wörner criticises 'cliché' attack on Nato leaders

By David Goodhart in Bonn

MR Manfred Wörner, secretary general of the North Atlantic Treaty Organisation, yesterday criticised his fellow West German, Mr Volker Rühe, the influential foreign affairs spokesman of the governing CDU/CSU parliamentary faction, for Mr Rühe's complaints against the Nato leadership.

Mr Rühe said on West German television that the Nato leadership had failed to react properly to initiatives by Mr Mikhail Gorbachev, the Soviet leader.

He said reaction had been left in the hands of "colonels and ministry officials" while Mr Gorbachev had got on with negotiating with the public.

Mr Wörner replied on German radio that Mr Rühe should think a bit harder before serving up "these old clichés".

Meanwhile pressure for the removal of Mr Rupert Scholz, the West German Defence Minister, continues to rise. Mr Scholz has run into criticism for his apparent indifference to public opinion over the issue of low flying and is also said to have alienated many senior officials in his own department.

Mr Helmut Kohl, the Chancellor, continues to express his public support for his Defence Minister.

SPD pro-market group wins battle over policy

By David Goodhart

THE REVISIONIST wing of the West German Social Democratic Party has won its battle to ensure that a pragmatic, pro-market, economic policy forms the centre-piece of its new programme – the first since Bad Godesberg in 1959 – on which policy in elections will be based.

By 13 votes to 8 on the SPD's programme commission, the traditional, union-backed left, which still supports widespread state intervention, was defeated by a coalition – most forcefully represented by Mr Oskar Lafontaine, one of the party's two deputy leaders – which is more sceptical of the state's ability to rectify market failure.

The revisionists, although doubtful about the efficacy of central demand management, believe the state can improve the supply side of the economy by supporting training and investment. The revisionists also lay great stress on using the tax system to encourage environment-friendly corporate behaviour.

A compromise seems to have been reached on the issue of more flexible working time, over which Mr Lafontaine has clashed with the unions.

The programme will be published next month and will go to a special party conference in Bremen in the autumn.

Oliver North: secret way out

North: principal charges dropped

By Peter Riddell in Washington

THE central conspiracy and theft charges in the Iran-Contra affair against Mr Oliver North, the former White House aide, were yesterday formally dismissed by a federal judge after the Reagan administration refused to release secret documents for use in the trial.

The move follows a week's manoeuvring between the judge, the administration and Mr Lawrence Walsh, the independent prosecutor, over responsibility for not proceeding with the main charges. The trial will start at the end of the month on other, subsidiary, charges.

The judge's announcement followed the formal certification on Thursday by Attorney General Richard Thornburgh that release of the documents would harm national security. Judge Gerhard Gesell had refused to dismiss the charges without such an affidavit.

Judge Gesell said the court had "no factual basis for questioning the claims for classification of this material or for the claims as to its effect if disclosed." He was satisfied that the minimum requirements had been met under the law and he could not force a prosecution.

Mr Walsh, the prosecutor, stressed, however, his determination to press ahead with 12 other criminal charges against Mr North, including obstruction of justice by shredding documents and making false statements to Congress over the sale of arms to Iran and the diversion of the profits to the Nicaraguan Contras.

Mr Walsh has said that the offences related to the 12 other charges were "narrowly circumscribed". The defence lawyers for Mr North have claimed that the secrecy issue affects all the charges.

EC jobless fall

The average number out of work in the EC last year is estimated to have slipped by 1.7 per cent to 15.8m, the lowest since 1984, according to European Commission figures released yesterday, writes William Dawkins in Brussels.

The jobless rate in November, the most recent month for which firm EC figures are available, was 10.1 per cent, a 2.7 per cent fall from the same month in 1987. The average annualised rate for the year should be 10.3 per cent, down from 10.6 per cent in 1987.

Swiss Ecu move

The Swiss National Bank has become the first central bank outside the European Community to become an "other holder" of the European Currency Unit, writes William Dullforce in Geneva. This means it will start to hold some of its reserves in Ecus.

The bank yesterday said the step confirmed its "interest in a zone of price and exchange rate stability in Europe" and its willingness to co-operate with European Monetary System central banks.

Arms denial

Mr Joaquin Hernandez Galicia, leader of the powerful Mexican oil workers' union, who was arrested on Tuesday, yesterday denied charges that he had stockpiled weapons and recanted the confession he made on Wednesday, saying it was made under duress, writes Richard Johns in Mexico City.

The "spiritual leader" of the Union of Oil Workers of the Mexican Republic (STPRM), known as La Quina, was given the opportunity when he was arraigned before magistrates at committal proceedings on Thursday afternoon.

Live TV transmission of his statement was abruptly cut off shortly after he began it.

Brussels meeting

The Belgian cabinet will today consider its response to Zaire's decision to denounce two treaties of co-operation with its former colonial power, writes David Buchan in Brussels.

Zaire took umbrage at a rash of Belgian press articles, during the visit by Prime Minister Wilfried Martens to Kinshasa in November, which criticised President Mobutu Sese Seko and his officials for corruption and incompetence.

Koestler honoured as light pierces Noon's Darkness

Margaret Van Hattem on a prophetic coincidence in the East's lifting of the ban on a seminal book

IT HAS taken nearly half a century and a second revolution in the socialist world for the prophecy to be borne out and for the prophet to find honour in his own country.

In 1946, Arthur Koestler, author of Darkness at Noon, the first sustained moral indictment of Stalinism, called for a "psychological disarmament" in the Soviet Union as an essential prerequisite to military disarmament.

Appeasement of the Soviet paranoia and persecution mania, he warned, could prove as lethal as the appeasement of the German mania of grandeur had proved earlier.

Urging the Western powers to counter Soviet territorial claims with demands for the free flow of ideas across Soviet-occupied territory and the free movement of people across East-West frontiers and to keep up an unrelenting pressure, he predicted that Soviet military disarmament would "automatically" follow such a process, but it would not take place without profound psychological change.

By one of those bizarre coincidences which would have fascinated and delighted the man himself, the long-standing ban in the East on his best-known work, Darkness at Noon, has been lifted just as the Soviet Union has embarked on the process of disarmament which he predicted.

None of Koestler's 25 books has yet been published in his native Hungarian – nor in Budapest, his birthplace.

But now Darkness at Noon is being serialised in the Leningrad periodical, Neva, and is about to be published in Budapest.

Publication in London in 1940, with Koestler correcting the page proofs from his cell in Pentonville Prison, caused little stir other than to start a long, slow process of disillusionment among some British socialists, which was to continue growing through the suppression of the 1956 Hungarian uprising, the 1968 crushing of the Prague Spring, and the prolonged military intervention in Afghanistan.

But Koestler's thinly-disguised account of the 1938 Moscow show trials, staged by Stalin to eliminate those old Bolsheviks whom he feared as potential rivals, caused a storm two years later when published in France, when the Communists emerged from the German occupation as the largest political party.

The French translator had to retreat behind a pseudonym, while Koestler himself was subjected to verbal abuse, slander and threats of physical violence. Entire stocks of the book were mysteriously bought up from suburban and provincial bookshops (by the Communists, it was later revealed), while a black market developed on which the book sold at five times the marked price.

It is puzzling that it has taken the Hungarians longer to recognise their greatest writer than to begin debating the merits of ending the Party's monopoly on power

It was not published at all in the East, which had to wait another 16 years for Khrushchev's "secret speech" to the Soviet Party Congress to learn the truth about Stalin and Stalinism.

The book's impact in France was such that Koestler was credited with turning the tide single-handed against the Communists and losing them the 1945 French elections.

The unusual phenomenon of intelligence and self-confidence in the Kremlin has changed the nature of the intellectual pool into which a book, once seen as seminal in the West, will now drop in the East, but it will be surprising if it makes much of a splash. Indeed, it is puzzling that it has taken the politically relaxed (relatively speaking) Hungarians longer to recognise their greatest 20th-century writer than to begin debating openly the merits of ending the Communist Party monopoly on power and re-introducing a multi-party system.

In 1946, the mid-point between Stalin's death and the peak of his reign of terror, Koestler had to seek refuge in Britain.

Writing in the British socialist paper, Tribune, he foreshadowed developments in Soviet policy leading to disarmament, developments which caught the West totally off guard when first announced late last year, but which, when predicted by Koestler, were denounced as so incendiary that he was branded a fanatical cold-warrior.

Urging the Western powers to counter the post-war Soviet territorial claims in south-eastern Europe, the Middle East, the Far East and North Africa, he sought a "psychological disarmament" that would break down the Soviet fear and suspicion of the West, which, he suspected, was being nurtured by the Kremlin.

He proposed a basic framework of demands centred on the free flow of ideas across frontiers, free access to the Soviet Union for foreign publications, newspapers, books, periodicals, films, accredited journalists and parliamentary delegations, and the abolition of curbs on the free movement of foreign travellers in Soviet-occupied territory and on Soviet citizens wishing to travel abroad.

These demands, he urged, should be pressed constantly at the highest international levels.

"No treaties and paper agreements will induce the powers to disarm, as long as the people remain in the state of acute anxiety and latent hysteria," he warned.

But concluding, in words which could today well pass as an extract from a speech by Mikhail Gorbachev, he cautioned that restoration of the free flow of ideas, "the arrested bloodstream of the world", was a "matter of universal survival". "The alternative before us is one world or no world at all."

Moscow moves on shortages

By Quentin Peel in Moscow

THE daunting scale of the Soviet Union's drive to overcome consumer goods shortages and details of the crash programme ordered to cope with it have been revealed by Ms Alexandra Biryukova, the most powerful woman in the Soviet hierarchy and the deputy premier in charge of light industry.

Almost 300 heavy industry factories – including some from the defence industry, engineering and construction – have been ordered to re-equip for consumer goods production, she said.

Investment in light industry is to be tripled from the present level, to Roubles 20bn (£18bn) in the next five-year plan, with a huge increase in capacity of key sectors, such as furniture production, electrical goods, and automobiles.

But the scale of the expansion is still failing to keep up with the volume of unsatisfied consumer demand, estimated by government statistics at Roubles 70bn.

Nor will the planned expansion come near Western levels of consumer goods output per head of population.

The details were outlined by Ms Biryukova, promoted to become a non-voting member of the ruling Politburo last September, in the first issue of the Government Bulletin, a new weekly newspaper to publish official policies.

She revealed that production of key items, such as televisions, washing machines, household furniture, vacuum cleaners and tape recorders, had already been substantially increased, but shortages in the shops were getting worse.

"All this has failed to relieve the problem," she wrote. "The supply of goods seriously lags behind the buying power of the population. Many new products are now in short supply, including goods which until recently were plentiful – such as soap and washing powder."

The grim picture she paints comes on the eve of an emergency meeting of the Council of Ministers, summoned today to discuss the state of the economy and in particular urgent measures to improve food supplies.

Ms Biryukova spelt out the immediate plans to convert substantial parts of Soviet industry to consumer production. She also revealed that many state enterprises were refusing to accept central state orders to step up output – because it is not profitable enough.

New rules approved by the Council of Ministers will allow factories to keep a higher proportion of their profits if the produce household goods for central government procurement.

Ms Biryukova ruled out any crash programme to import consumer goods, although "the most essential items" would still be bought abroad.

"If even a half of the currency which we spent in the 1960s and 1970s and early 1980s on importing consumer goods was spent on increasing production capacity, the state of affairs on the consumer market would be remarkably different today," she said.

She also blamed the current crisis on the inability of economic and trade organisations and manufacturing enterprises to study the consumer market and forecast demand.

Furniture was in short supply because the central planners and manufacturers had failed to take account of an acceleration in housebuilding and a trend to build "garden huts and dachas" as second homes.

The Council of Ministers had decided to "reprofile" existing factories to switch to consumer goods production, and almost 300 had been ordered to do so as a first step, she said, including defence manufacturers.

The problem of factories refusing to accept orders for consumer goods meant that state contracts totalling almost Roubles 9bn had been rejected, Ms Biryukova said, accusing the enterprises concerned of "group egoism".

Huge inefficiencies add to Soviet food problem

By Quentin Peel

THOUSANDS of tons of imported grain and sugar have been delayed for weeks at the Soviet port of Odessa because of poor railway organisation.

And at least 30 per cent of perishable fruit and vegetables are lost because of delays and inefficiency in delivering the goods to the shops.

Reports on these problems are the latest in a stream of official criticism of the food distribution system in the Soviet Union, blamed for much of the food shortages facing consumers.

The problem of deliveries of winter vegetables and fruit is so acute it is one of two key items on the agenda of an emergency Council of Ministers' meeting in Moscow today.

The delays in shipping grain and sugar from Odessa were revealed in the report of a People's Control Committee – a government body supposed to police abuses in the state system – in Pravda, the leading Communist Party newspaper.

It said that 266,000 tonnes of imported grain had been held up in the port from October until the first half of December, because of an apparent shortage of railway wagons. In fact, 6,000 empty wagons had simply not been dispatched in time to unload the grain, resulting in heavy penalty payments to the ships concerned. The same was true of the sugar.

The problem about perishable food distribution is that the state agencies responsible face no penalty for losses, either in quantity or quality, according to the newspaper Socialist Industry.

"There is no point pressing for quality," the newspaper declared.

● Mr Eduard Shevardnadze, the Soviet Foreign Minister, left yesterday for a previously unannounced visit to Afghanistan, a month before Moscow is due to complete the withdrawal of its troops, Reuter reports from Moscow.

Doubt cast

TASS, the Soviet news agency, yesterday cast doubt on its report of Thursday that six Armenians had been found alive under earthquake rubble after 35 days, AP reports from Moscow.

"Regrettably, we are unable so far to confirm with full certainty the authenticity of the reports made by our Armenian colleagues about the 'Leninakan miracle', nor can we deny them," Tass said.

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OVERSEAS NEWS

US indictment details breathtaking Marcos web

Robin Pauley examines the multi-million dollar racketeering charges brought against the deposed Philippine President and his wife

A BREATHTAKING web of racketeering involving millions of dollars has been outlined in the indictment against Mr Ferdinand Marcos, former President of the Philippines, and his wife Imelda. The case, compiled by Mr Rudolph Giuliani, US attorney for the southern district of New York until his resignation this week, is waiting to be heard in Manhattan.

Although between $10bn and $30bn (£17bn) are missing from the Marcos years in the Philippines, the court documents concern just a few hundred million allegedly spirited away and used to buy property in Manhattan.

Mr Marcos, 72, was President of the Philippines from December 1965 until February 26 1986, when he fled to the US in the face of a popular revolution against his dictatorship. Imelda, 59, went with him. They now live on Makiki Heights – Millionaire's Row – in Honolulu, Hawaii.

The US charges focus on the Marcoses. But the court papers detail a jigsaw puzzle of companies and transactions, often involving old family friends, which Mr Giuliani and the US Federal Bureau of Investigations allege were used to conduct a startling string of transactions.

Mrs Gliceria Tantoco, 64, an old friend, was president and chief operating officer of Rustans Department Store in the Philippines and Sanmar Export Corporation in New York, sole purchasing agent in the US for Rustans.

Her husband, Bienvenido, 67, was from 1983 to the fall of Mr Marcos the Philippines Ambassador to the Vatican. They live in Rome but Mrs Tantoco is a fugitive, having jumped bail while awaiting an extradition hearing.

Their son, Bienvenido Jr, 43, is known, and referred to throughout the indictments, as Rico. He is one of the few defendants who, although charged with racketeering, is not charged under the most serious statute – the Racketeer Influenced and Corrupt Organisations Act, or RICO.

He lives in the Philippines, as does Mr Roberto Benedicto, 71, another friend of Mr Marcos, who was a major shareholder in Traders Royal Bank, a Philippine bank doing business in the US.

Mr Benedicto and Mr Marcos jointly owned the California Overseas Bank, which plays a central role in the plot alleged by Mr Giuliani. Mr Benedicto was chairman and another Marcos friend, Mr Rodolfo Arambulo, 55, who lives in Los Angeles and was the bank's president, was on the board.

Mr Adnan Khashoggi, 53, an old friend of Mrs Marcos, also features prominently in the indictment. Mr Khashoggi, a Saudi Arabian businessman living in Paris, is the only defendant to figure in all six counts on the indictment because, in addition to racketeering, he is charged with fraud and obstructing the course of justice by, among other things, passing false documents to the US via the French authorities.

The charges allege this was part of a scheme with the Marcoses and the Tantocos to conceal the Marcoses' interests in four Manhattan properties. He faces 20 years in jail on the RICO charges and 15 if found guilty of obstructing justice. He vigorously denies all the charges.

Others mentioned in the court papers include Mr Karl Bock Petersen, 51, who was an associate, employee and agent of Mr Khashoggi. His whereabouts are unknown. Mr Jaime Alberto Arias, 54, is a lawyer based in Panama. Mr Petersen and Mr Arias, like Rico Tantoco, are not charged under RICO and so face maximum jail sentences of five rather than 20 years.

The indictment alleges a racket which started at least as early as 1972 and continued to operate in the US even after the Marcoses had been given asylum.

It claims they embezzled, stole, purloined and diverted to their personal use at least $103m of Philippine government funds; demanded, sought and received and accepted "substantial bribes, kickbacks and gratuities in the form of cash payments and corporate stock"; and accumulated these proceeds in numbered and trust accounts in the Philippines, Switzerland, Hong Kong, the US and elsewhere.

Locations of other banks and companies named in the indictment are spread across the world – South America,

Rudolph Giuliani: unravelling the web

Japan, the West Indies, Netherlands Antilles, Channel Islands, and Spain.

It is claimed the funds were moved into various nominee accounts in the US with the help of the co-racketeers. The charges also allege that two US banks, Citibank and Los Angeles-based Security Pacific, together with Security Pacific Mortgage Corporation, were defrauded of more than $165m, which was used to buy 200 Madison Avenue in New York and to purchase and refinance other Marcos properties.

One result of this "laundering", says the indictment, is that the Marcoses, who reported joint after-tax income of $1.1m between 1965 and 1984, became owners of the Crown Building at 730 Fifth Avenue, New York; the Herald Center at 1 Herald Square, New York; 40 Wall Street, New York, and 200 Madison Avenue.

The charges concerning Security Pacific give a sample 42 wire transfers of cash from Denver, Colorado, to New York between July 20 1984 and July 8 1987. The busiest day was July 23 1986, with six transfers within one banking day for $51,642, $19,502.51, $138,000, $119,125.31, $5,000 and $132,925. The biggest transfer, however, was $35,035,034.27 on February 22 1985 with a further $1,269,500 the same day.

Another of the alleged racketeering systems involved the Marcoses and Mrs Tantoco devising a scheme through which they used stolen funds to buy for $5.9m the so-called "Samuels Collection", the art and antiques furnishings of an apartment at 660 Park Avenue, New York.

The Federal Deposit Insurance Corporation was also allegedly tricked through false and fraudulent pretences into giving the California Overseas Bank the benefits of FDIC insurance.

The charges list a huge array of property and accounts in which the defendants have interests and which, if found guilty, they may have to forfeit in addition to fines and jail sentences. Technically, property involved in RICO charges can be confiscated before the charges are heard.

The list also shows some of the links between the RICO defendants. Property interests listed for forfeiture by the Marcoses, Tantocos and Mr Khashoggi include the four Manhattan buildings named in the racketeering charges. The Tantocos and Marcoses are both named as having a forfeitable interest in the Marcoses' Honolulu home. In addition the Tantocos may lose homes on Rome's Via Appia Antica and 415 East 54th Street in New York (two apartments) and Mr Khashoggi could forfeit a condominium on the 45th and 46th floors of Olympic Towers at 641 Fifth Avenue, New York.

He could also lose his interests in the companies Sigma International, Sigma-X International, Triad, Triad Asia, and Triad International.

Twenty-two Marcos bank accounts are listed at the Swiss Credit Bank, including 11 for foundations with names such as Valamo, Wintrop, Spinus and Verso and five unnamed numbered accounts. There are accounts in the name of Etablissement Mabari at Lombard Odier and Banque Paribas, where there are also accounts named Pretorien, Cesar, Etablissement Gladiator and Bullseye; an Etablissement Gladiator account at Corraterie Gestion Coges; and an Angenit Investment Corporation account at Wing Lung Bank.

A further link with Mr Khashoggi is that he is listed for the same Etablissement Mabari account at Lombard Odier and the Etablissement Gladiator account at Corraterie Gestion Coges.

The Marcoses and Tantocos are both named as being liable to forfeit interests in Lei Investments, a company based in the Channel Islands. The Marcoses, Mr Benedicto and Mr Arambulo are named as having interests in the Tradewinds International Bank and Trust Company based in Kingstown, St Vincent, West Indies.

The Marcoses, Tantocos and Mr Khashoggi are all named as having interests in three complicated companies. The first is the Canadian Land Company of America, which has three parents: Paneles Porcelanizados, Trade and Commodities, and Yewell Compagnie Immobilière. The second is Herald Center (formerly Voloby), whose parent is Glockhurst Corporation, and it in turn has three parents: Bedner Development Corporation, Comapral Investment and Dicet Finance and Investment Corporation. The third is NYLand (CF8) whose three parents are Beneficio Investment, Excellencia Investment, and Bueno Total Investment.

Mr Benedicto's possible forfeitures include 24 bank accounts in California, Jersey, Venezuela, New York, Miami, Vancouver and Geneva, and property interests in the West Indies, California, Panama, Tokyo, Beverley Hills, Manila, Venezuela and Madrid.

If found guilty Mr Arambulo stands to lose three properties in California and 13 property interests in companies in four countries including Panama. Mr Benedicto and Mr Arambulo have interests in 11 of the same companies.

The California Overseas Bank, which is a defendant in the most serious RICO charges, faces two fines of $250,000 each and the confiscation of all its outstanding shares and interests. The bank, which has its headquarters at 3701 Wilshire Boulevard, Los Angeles, has accounts held at 50 banks and thrifts.

The US authorities have already taken two years to unravel the schemes alleged in the indictment. So far Mrs Marcos has been arraigned in New York, pleaded innocent and been released on $5m bail put up by her old socialite friend, Ms Doris Duke, a tobacco heiress. Mr Marcos has been too ill to travel. Some of the other defendants cannot be found.

Ferdinand and Imelda Marcos in more optimistic days

US beef producers offer hormone-free meat to Brussels

By Tim Dickson in Brussels

EMBARRASSING evidence has come to light that the United States Government's passionate opposition to the European Community hormones ban is not universally shared by US meat producers.

Several informal offers to the Community's Washington office to supply the EC with "natural" beef have already been publicised – but these have now been followed up with an official letter of encouragement from Mr Jim Hightower, Commissioner of Agriculture in the largest beef producing state, Texas, to the EC's Ambassador in the US Sir Roy Denman.

The letter – a copy of which was obtained yesterday – expresses Mr Hightower's concern at the trade dispute, sparked off by the EC's New Year's Day exclusion of almost $100m of American beef, which now threatens to erupt into a much bigger transatlantic trade war.

"There are no winners in a trade war, only losers," he says. "An ever-widening list of commodities and products appear likely to be drawn in as retaliatory and counter-retaliatory steps are taken."

Mr Hightower then announces that he has some "good news", namely that "we have cattle producers in Texas interested in providing hormone-free beef to the EEC as required by your directive." He adds: "The problem is that there appear to be a number of bureaucratic barriers that have to be overcome in order for shipments to materialise" and asks for clarification on certain technical points.

The European Commission confirmed yesterday that many offers had been received from US producers, including the Texas approach and a similar one from Kansas, but officials are thought to be anxious to play down the publicity value at this stage in negotiations. They are also mindful of the fact that there are deep divisions within EC member states about the wisdom of the controversial ban.

A US spokesman in Brussels rejected suggestions that the Texan letter was embarrassing, claiming that the US Beef Exporting Association and other large producers were "right behind" Washington's tough stand that the European ban is not justified on health or safety grounds and thus constitutes an unfair barrier to trade.

"The farmers who are making these offers are small producers trying to come in and pick up the benefits," he said.

Mr Hightower is a prominent Texas Democrat, widely considered to be a front-runner for the state's governorship next year.

De Mita patches up coalition row over Italian tax reforms

By John Wyles in Rome

AN EMERGENCY summit of Italian coalition party leaders has restored some cohesion to Mr Ciriaco De Mita's Government, although its strength and authority have been seriously weakened by the assaults of Mr Bettino Craxi, the Socialist Party leader.

The Prime Minister called the summit at short notice after it appeared that Mr Craxi was disowning tax reforms which his own ministers in the Government had approved. By the end of the meeting on Thursday evening, Mr De Mita had conceded to Mr Craxi that the proposals would be amended in Parliament on the basis of an agreement among all five coalition parties, which would then be bound to vote for them.

But the details of the modifications to the proposed legislation – covering tax evasion and alterations in income tax bands – have yet to be worked out. Here the trade union movement looks likely to have considerable influence, having called a general strike for January 31 against the Government's plans. Mr Craxi is insisting that the Government negotiates to avoid the general strike. This means that the unions will have considerable bargaining power on the tax reforms over the next fortnight.

Republican Party concern about the state of public finances has produced an agreement between the party leaders that Mr Giuliano Amato, the Treasury Minister, would first produce a paper on the general state of public spending and the outlook for the deficit this year. However, it is by no means certain that this paper will actually lend much spine to the Government's position in the coming talks with the unions.

Mr De Mita said that he now believed his coalition to have been cured of this week's political illness. Mr Craxi offered assurances after the summit that the Socialists would continue to sustain the Government and that he hoped future collaboration between the coalition parties would be even more efficient. From the sidelines, Mr Achille Occhetto, the Communist Party leader, expressed the hope that the tax reforms would be made more equitable.

For the first time since he became leader last summer, Mr Occhetto has succeeded in sowing difficulty within the coalition by his swift and highly energetic espousal of the unions' campaign for greater tax fairness. Mr Craxi hopes to go on stealing votes from the Communists and will therefore be watching Mr Occhetto very closely in the run-up to June's European Parliament elections.

Mahathir rejects conciliation

By Wong Sulong in Kuala Lumpur

DR Mahathir Mohamad, the Malaysian Prime Minister, yesterday offered to accept all Malays into his New Umno party, but fell short of meeting two important demands sought by his political opponents for reconciliation.

The demands involved restoration of party posts held by his opponents in the old United Malays National Organisation, before the party was de-registered last year, and restoration of the old party constitution.

Dr Mahathir's limited offer is seen as a big setback to Datuk Musa Hitam, his former deputy, who is the architect of the latest reconciliation move.

Last month, Datuk Musa galvanised the Malay organisations in his home state of Johore to adopt a six-point resolution which he had presented to the Prime Minister as a basis to end the three-year bitter power struggle within Umno. The initiative was seen as attempt by Datuk Musa to make a political comeback, and to distance himself from Dr Mahathir's arch rival, Tengku Razaleigh.

The Johore resolution was discussed by the New Umno supreme council yesterday. Dr Mahathir said the council accepted the Johore resolution, but since it was only adopted by the Johore Malays, its proposals could not be binding on the New Umno in other states.

Rover to merge group and subsidiary managements

By Kevin Done, Motor Industry Correspondent

ROVER GROUP, the UK's biggest car maker, is to create a single management structure. It will merge the existing managements of Rover Group; Austin Rover, the cars subsidiary; and Land Rover, the maker of Land Rover and Range Rover four-wheel-drive vehicles.

Rover Group said yesterday that all activities would operate "on an integrated basis across the whole group" except for commercial activities.

Marketing and sales, including relationships with dealers, will continue to operate as separate Austin Rover and Land Rover activities within the group organisation.

The restructuring comes less than six months after Rover Group was taken over by British Aerospace. It comes after more than two years in which the old BL group, formerly British Leyland, has been rationalised, with the disposal of more than 18 businesses. The workforce has been reduced from 70,000 to about 40,000.

The latest moves have been foreshadowed in recent weeks with the appointment of Mr George Simpson as managing director of Rover Group and the withdrawal of Sir Graham Day from the day-to-day running of group operations. Sir Graham has given up his role as chief executive but remains chairman and a member of the BAe main board. He has a three-year contract as Rover chairman.

Sir Graham said yesterday that Rover Group planned to invest more than £1bn in the next five years in new models and engineering, manufacturing and technological programmes. "We must manage these programmes as effectively as possible within a streamlined organisation," he said.

Rover Group faces challenges this year with the planned launch of two crucial models. One is the Rover 400 small family car, codenamed R8, which is being developed with Honda.

The other is a vehicle from Land Rover, codenamed the Jay project, a four-wheel-drive vehicle reminiscent of a mini Range Rover.

Most of the operations of the previously autonomous Austin Rover and Land Rover businesses will be merged, including design and engineering, finance, manufacturing, personnel, product development, quality and strategic planning. There will be separate Austin Rover and Land Rover commercial directors, however.

The main casualty of the reorganisation is Mr Tony Gilroy, formerly managing director of Land Rover, who resigned last month shortly after the appointment of Mr Simpson as managing director of Rover Group.

Mr Les Wharton, Austin Rover managing director, remains an executive board member of Rover Group but without direct operational responsibility.

He is expected to represent Rover on the boards of companies where Rover maintains minority shareholdings, such as Unipart, Istel and possibly DAF.

As a further result of the UK reorganisation, Rover Group is again changing the top management of Arcona (Austin Rover Cars of North America), its troubled car sales subsidiary in the US.

Mr Graham Morris, managing director of Freight Rover, the Birmingham-based, van-making subsidiary of DAF, is to be appointed Arcona president next month. He will be its third managing director in less than 12 months.

Mr Chris Woodwark, formerly Austin Rover commercial director, who became president of Arcona in mid 1988, is to return to the UK as Land Rover commercial director.

Rover Group said it had no plans for merging its two US sales organisations, although such a move could not be ruled out.

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Berry pierced by Blue Arrow

Philip Coggan on the rise and fall of an employment agency star

MR TONY BERRY is not the first stock market favourite to fall from grace – but his rise and fall must rank as one of the speediest.

Within three years, he turned from being the obscure chairman of a small USM company into the executive chairman of the largest employment agency in the world. Only 16 months later, he has been stripped of executive duties at the company he built from humble origins.

To add to the irony, the man he ousted from the Blue Arrow board – Mr Mitchell Fromstein, the former Manpower chief – is to take control of the company he founded.

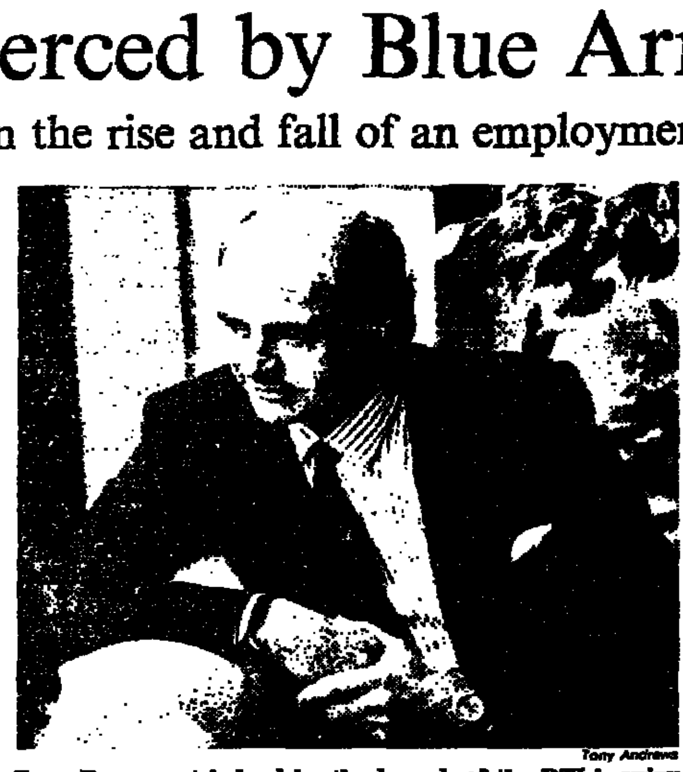
In addition, Mr Berry's friend Mr Norman Tebbit, the Conservative MP, has backed the move to bring in Mr Fromstein, a Wisconsin liberal who campaigned for Adlai Stevenson.

The boardroom drama has been accompanied by a Department of Trade and Industry investigation into County NatWest, Blue Arrow's former financial adviser, arising from the role the bank played in the share issue that catapulted Mr Berry into the top spot in the world's employment agency league.

Mr Berry may yet bounce back. In the early 1980s, he was dismissed as finance director of Brengreen, a cleaning company. It was his compensation from that dismissal that he used to buy into Blue Arrow.

After floating the group on the USM in 1984, he rapidly became a popular figure with the financial press, thanks to his easygoing manner and willingness to talk about his plans. His popularity was reflected in a high rating for Blue Arrow's shares, enabling him to go on an acquisition spree, buying companies such as Hoggett Bowers, the headhunters, and Brook Street Bureau.

A schoolboy star at sports as diverse as football, boxing and cricket, Mr Berry also joined the board of Tottenham Hotspur, the soccer club, where he is likely to be tomorrow for the game with Nottingham Forest.



Tony Andrews

Tony Berry: not helped by the launch of the DTI inquiry

Shareholders were delighted with Mr Berry's tenure. A thousand pounds invested in Blue Arrow when the company was floated was worth £17,000 just three years later.

So with a favourable press and a supportive City, Mr Berry was able in 1987 to launch his most audacious move of all - a bid for Manpower. Manpower was more than double the size of Mr Berry's group and was growing quickly under Mr Fromstein's management. However, its stock market rating had been sandbagged by its long association with Parker Pen.

Even with Blue Arrow's high rating, the bid still required a five-for-two rights issue, which at £837m was then the largest ever in the UK. It was a classic bull-market deal, and unfortunately for Mr Berry, he launched it just as the bull market was over.

The FT-SE 100 index reached its all-time high less than three weeks before Blue Arrow launched its bid. It proved impossible to shift such a large amount of Blue Arrow stock, a fact that has led to all the headaches for County NatWest and Phillips & Drew, which were left holding up to 19 per cent of the shares, according to some estimates.

Then came Black Monday, and ever since, Blue Arrow's shares have languished at about half the rights price. The problems multiplied. The fall in the value of the dollar and a hiatus in the jobs market after Black Monday meant that there was no chance of Blue Arrow meeting the optimistic £110m profits forecast its brokers made at the time of the bid.

Something had to give. Mr Berry tried to ensure that it was Mr Fromstein, saying that he was blocking moves to integrate Manpower into the group.

But in a way, when Mr Berry ousted Mr Fromstein, it was a case of the tail wagging the dog. Manpower is likely to provide about 70 per cent of this year's pre-tax profits. A group of Manpower franchisees certainly saw it that way, calling for the removal of Mr Berry and the return of Mr Fromstein.

The controversy that then erupted when the DTI inquiry was launched has not helped Mr Berry, although insiders yesterday insisted that the investigation had nothing to do with Mr Berry's removal. He himself has also steadfastly maintained that he did not know about the County holding.

It has kept the company's name consistently in the headlines, however, and has reinforced the crisis atmosphere at the group.

Everything came to a head on Thursday with participants aware that Mr Fromstein was sitting in a London hotel waiting for the chance to become involved, having declared his willingness to return as chief executive.

What will Mr Fromstein do now that he is in charge? Analysts and those in the industry say that Thursday's management change probably spells an end to Mr Berry's strategy of expanding Manpower into the permanent placement business.

Analysts speculate that Mr Fromstein may sell some of the Blue Arrow business, particularly the non-Manpower US operations. Adia, the world's second largest temporary employment agency, reaffirmed it was interested in parts of the business yesterday.

Mr Yves Paternot, Adia senior vice president, said he had talked yesterday morning to Mr Fromstein and congratulated him. "We are delighted he has got the job because we think he is a very good spokesman for the industry, which he knows very well," he added.

He recognised that Mr Fromstein needed time to take stock but Adia was interested in expanding.

What of Mr Berry's future? An associate said yesterday it would obviously be difficult for him to work with Mr Fromstein, although the two are believed to have no personal animosity. It seems that he will have plenty of time to reflect on the most poignant irony of the affair – that a man who specialised in finding other people jobs should be ousted from his own.

Additional reporting by James Buchan and William Dullforce

Channon tightens security at Heathrow

By Lynton McLain

THE GOVERNMENT acted yesterday to prevent further breaches of security at Heathrow Airport, London, after a reporter posed as a cleaner to gain access to aircraft.

Mr Paul Channon, the Transport Secretary, called in Sir Norman Payne, chairman of BAA plc, the former British Airports Authority which owns Heathrow, and asked him not to issue any more security passes to Skyline Services, an aircraft cleaning company.

BAA yesterday withdrew all airside passes, which gave staff access to aircraft, from the company, which employs about 180 people.

Mr Channon said in a statement: "Skyline Services failed in its duty to check the bona fides of a Daily Express reporter. No one at the airport should have unsupervised access to aircraft and checked-in baggage in restricted areas unless they have held an airport pass for six months."

● The Department of Transport has given £250,000 to the disaster relief fund set up after the Boeing 737-400 crash on the M1 motorway on Sunday. The police reopened the motorway yesterday.

First reverse auction of debt is success

By Simon Holberton, Economics Staff

THE FIRST reverse auction of £500m of UK Government debt was successfully conducted yesterday by the Bank of England on terms that surprised the gilt-edged securities market.

The novel funding experiment, in which the Bank takes bids from the market for the purchase of designated gilts stock, was undertaken at prices very close to the prevailing levels in the market, meaning that the Treasury was not required to pay a large premium to investors for buying back the stock.

Mr Nigel Lawson, Chancellor of the Exchequer, who is a keen supporter of the auction method of redeeming the Government's debt, is understood to have been particularly happy with the result.

The Treasury said it was pleased with the first reverse auction. It was unable to predict whether there would be future reverse auctions but it pointed out that the Government's financial position was strong. Reverse auctions were a useful addition to the Bank's range of market management instruments.

For the £500m of stock the Bank wanted to buy it received offers for £1.6bn of stock. That was split almost equally between the two it was prepared to buy, the 10 per cent Exchequer Stock 1989 (£894.6m offered) and the 11 per cent Exchequer Stock 1989 (£715.4m offered).

The prices at which the Bank bought the stock were within a whisker of those prevailing in the market before and after the auction. On a yield basis the bank accepted offers on the 10 per cent stock ranging from 12.42 to 12.48 per cent and for the 11 per cent stock ranging from 12.20 to 12.25 per cent.

Primary dealers in gilts had expected the auction to be fully subscribed but they had thought the Treasury would have to pay a premium to buy the stock. Analysts said the competitiveness of yesterday's terms virtually assured reverse auctions a place in 1989-90.

Conditions set on bid for Lansing

By Andrew Fisher in Frankfurt

THE PROPOSED takeover of Lansing Bagnall, the UK's largest fork lift truck manufacturer, by Linde, the West German industrial group, has been given only partial approval by West Germany's Federal Cartel Office. The difficulty lies with the strong market position of both companies in the country.

The cartel office said it was likely to disallow the German part of the takeover, although the companies would be able to appeal. It has, however, given the go-ahead for Linde to buy Lansing's activities in the UK and France.

After talks with both sides yesterday, the office said it needed more time to study whether the two companies could combine in Germany, where their joint share of the fork lift truck market is well over 50 per cent.

No immediate comment was available yesterday from the companies, although they were thought to be reasonably satisfied with the solution.

The cartel office reached its decision, which will be officially made known next week, after looking at the deal for several months after the merger proposal was announced in September. In the UK, the Office of Fair Trading has already approved the acquisition.

The most likely solution, cartel officials said, would be for Lansing to sell its West German operation, turnover of which is about DM 100m (£30.7m). Lansing's purchase by Linde would reinforce the West German company's position as the leading manufacturer in western Europe.

Rodime blames job cuts on weak industry

By James Buxton, Scottish Correspondent

RODIME, the Scottish-based disk drive manufacturer, yesterday blamed the "very weak condition" of the world disk drive industry for its decision to cut the staff at its Glenrothes plant by 30 per cent.

The company, which also has plants in Singapore and Florida, is reducing its global production by cutting output at the plant at Glenrothes, Fife.

The plant will lose 85 permanent jobs, in addition to 45 temporary staff who left last week, to leave a workforce of 337.

Mr Mervyn Brown, managing director, said that the world disk drive industry was cutting production substantially, with some companies reducing output by 30 per cent.

Large companies of the US were also cutting prices. The production cuts followed a big increase in the industry's capacity over the past four years, mainly in the Far East.

Mr Brown said Rodime's order book was still strong. Its new range of 3.5-inch hard disk drives led the industry in both efficiency and storage capacity.

Rodime is continuing to transfer production from its Glenrothes facility to its lower cost plant in Singapore. The Glenrothes plant is primarily to design and engineer products, and staff levels there would fluctuate according to the state of product development, he said.

Mr Brown said Rodime was preparing its accounts for the year to September 30. He would not comment on the fact that the company normally produces its annual results in late November.

The most recent figures for Rodime, for the nine months to June 30, showed a loss of $5.29m (£2.97m) for the third quarter, bringing the loss for the first nine months to $8.49m on sales of $78.67m. The company quotes its figures in dollars because 70 per cent of its purchases and revenues are in the currency.

Last autumn Rodime said it was trying to put together a financial package worth about $20m to finance the company until it returned to profit. But no package has been concluded, and Mr Brown said yesterday that Rodime was reviewing its financial options.

Chief executive quits futures policing body

By David Blackwell

MR ALISTAIR ANNAND has resigned as chief executive of the Association of Futures Brokers and Dealers, the self-regulatory organisation that governs futures and options trading in the City.

He is staying until April, when he will be succeeded by Mr Phillip Thorpe, 34, who until recently was the deputy commissioner for securities and commodities trading in Hong Kong.

Mr Annand said yesterday that the time had come for a change after five years of wrestling with the difficulties of setting up the AFBD, which was officially designated an SRO exactly a year ago.

Mr Annand, a barrister, will be looking for a post in the futures industry or business management.

Last October some members showed signs of being discontented with the administration of the AFBD when the annual meeting and the accompanying elections to the council had to be postponed because of a procedural error over proxy votes. One member said there was a certain amount of frustration with the executive board.

Mr Annand has always denied that there were any internal dissensions at the association.

Newspaper raises funding

By Raymond Snoddy

PROSPECTS for the Sunday Correspondent, the planned quality newspaper, have been enhanced by the decision of Globe Investment Trust to back the project.

Globe, Britain's largest investment trust, with nearly £1bn in funds under management, committed a "significant" amount to the project earlier this week, according to Mr Nick Shott, the newspaper's chief executive. A second, unnamed, investor decided yesterday to invest, he added.

Mr Shott said: "There is absolutely no doubt now that we are going to get the money."

The Sunday Correspondent is trying to raise £16.5m, of which about three quarters is believed to have been found.

The aim is still to launch the newspaper in late spring. Mr Shott said that was possible in spite of the financing delay.

Joan Ruddock joins transport team

MR NEIL Kinnock, the Labour leader, yesterday appointed Ms Joan Ruddock to the party's frontbench transport team headed by Mr John Prescott.

Ms Ruddock is MP for Lewisham Deptford in London, and a former chairman of the Campaign for Nuclear Disarmament.

Soviet official to discuss rebuilding in Armenia

By Peter Montagnon, World Trade Editor

A POSSIBLE role for Britain in helping with reconstruction after the Armenian earthquake will be discussed during a visit to London next month by Mr Vladimir Kamentsev, a leading Soviet trade official.

Mr Kamentsev, chairman of the Soviet Foreign Economic Relations Commission, had originally intended to accompany Mr Mikhail Gorbachev on his visit planned last month but called off after the earthquake. Instead, he is paying a four-day visit from February 6.

The aftermath of the earthquake means that reconstruction work has been added to the general discussion of raising UK exports to the Soviet Union.

A team of officials from the Departments of Health, Education and Science, and Trade and Industry is leaving for Moscow and Yerevan this weekend to examine Armenia's rehabilitation needs. It will be accompanied by representatives from the voluntary Aid Armenia Fund.

The Foreign Office, which is co-ordinating the effort, said yesterday that the team would look at the possibilities for constructing school and health facilities to be funded by the £3.6m balance of the £5m emergency relief grant announced last month by the Government.

The team would also explore "the potential role of British industry in industrial and infrastructural regeneration."

Businessmen say that raises the question of further government support for infrastructure projects, but export finance rules limit possibilities.

More workers to go at Courtaulds knit plants

By Alice Rawsthorn

COURTAULDS is continuing the rationalisation of its textile interests with more than 100 redundancies at its knitwear, clothing and fabric factories.

In recent months Courtaulds, like the rest of the British textile industry, has suffered because of a rapid rise in imports – fuelled by the strong pound – which has put intense pressure on output and profitability.

Yesterday the group announced redundancies at two knitwear factories in Scotland. Both plants make knitwear under the Wolsey brand name.

The factory at Dumfries will shed 72 of its 317-strong workforce, while eight out of 83 jobs will be lost from a factory at Lesmahagow, near Glasgow.

For the past year knitwear companies, like Wolsey, have suffered from the parallel pressures of increasing imports and depressed demand.

The decline in demand is attributable to the fashion for tailored clothing and the unusually mild weather.

Courtaulds is also closing its Suncrest Fabrics factory at Oldham in Lancashire with the loss of 22 jobs. Suncrest is involved in the finishing of clothing fabric.

Earlier in the week the group announced the closure of a factory making clothing for small children at Wigston, Leicester.

All the 24 employees at the plant, which makes children's leisurewear, have been offered alternative employment at a Courtaulds factory in another part of Leicester.

Figure for Fimbra applications revised

THE Financial Intermediaries, Managers and Brokers Regulatory Association, the largest of the City's self-regulatory organisations, yesterday amended figures it had published earlier in the week concerning the number of firms which had applied to it for authorisation but had not yet been accepted.

These "interim-authorised" firms number 370, not the 400 reported earlier, it said. Of these, only 40 have been rejected for membership, although they can continue to trade pending an appeal into their cases. That compares with 210 reported previously.

Fimbra's amended information means that the total number of firms still operating in spite of rejections from the six regulatory bodies is currently around 80, rather than the 250 reported in yesterday's paper.

Sigh of relief at Brel as GEC's takeover bid fails

Kevin Brown on the final stage in the battle to control British Rail's engineering subsidiary

THERE WAS an almost audible sigh of relief at the Derby head office of British Rail Engineering (Brel) yesterday when the board of British Rail announced that General Electric Company had failed in its bid to take over the company.

Rumours had been circulating for several days among Brel's 8,000 workers that the board would plump for the GEC offer – which was accompanied by a hint of tougher action to reduce overmanning at the company's plants at Derby, York and Crewe.

Instead, Brel will almost certainly be sold to a management and employee buy-out consortium supported by Trafalgar House and Asea Brown Boveri, Europe's largest railway equipment manufacturer.

"We are very pleased," said Mr Peter Holdstock, managing director of Brel and consortium leader. "My guess is that the board saw that they would have management continuity during a very important phase of the company's development.

"I think the other factor is the technical strength of the technology package which ABB is going to bring with it. We also have sound financial backing and good marketing opportunities."

The consortium has been the front runner in the race to take over Brel since the company was put up for sale on government orders last year.

Initially, about a dozen potential bidders expressed interest, including Mitsubishi of Japan and General Motors of the US – two of the world's biggest railway equipment manufacturers.

In the event, the only firm bidders were the consortium and GEC, which later announced plans to merge its railway equipment divisions with Alsthom, Europe's second biggest manufacturer.

For GEC, the sale of Brel was an opportunity to strengthen its position in the UK railway equipment market, in which its GEC Transportation and GEC Traction subsidiaries are already large suppliers. GEC was also keen to prevent ABB establishing a base from which it might later dominate the UK market.

Against that, the consortium was able to boast the support of the existing management and workforce, as well as the corporate strength of its two multinational backers.

From BR's point of view as Britain's largest purchaser of railway equipment, the consortium also offered the prospect of maintaining competition between its main domestic suppliers.

None the less, the consortium faced difficulties in putting its bid together, and was forced to ask for a postponement of the deadline for bids from October 7 to December 21.

The original structure of the consortium provided for the management and employees to hold a controlling stake of 51 per cent in the privatised company, with the balance held equally by Trafalgar House and ABB.

That structure was abandoned after BR made clear that it would require substantial financial guarantees against possible defects in locomotives and rolling stock ordered while Brel was a BR subsidiary.

The final shareholding structure, which gives 20 per cent of the privatised company to the consortium with the balance held equally by ABB and Trafalgar House, allowed GEC to raise fears that a substantial chunk of Britain's railway equipment capacity could pass into foreign ownership.

Brel managers and ABB were keen to emphasise yesterday that day-to-day management would be left in the hands of the consortium, led by Brel's six executive directors.

ABB is likely to dominate the relationship because of the sheer size of its railway equipment operation – which had a turnover last year of about $1bn (£561m) compared with Brel's turnover of £305m.

However, Mr Holdstock said Brel would continue to offer a range of traction options to locomotive customers, including GEC equipment if required.

Both sides said the deal would give Brel the financial strength to finance necessary reorganisation, while at the same time guaranteeing access to ABB's technical expertise and markets in 20 countries.

The link with Trafalgar House will strengthen Brel's project management, which might be important in the growing market for turnkey contracts to develop light rail systems.

Trafalgar House is already involved in consortia preparing bids for a proposed Manchester light railway and for a high-speed link from London to the Channel tunnel, and has proposed a privately owned railway from London's Waterloo station to the new Docklands development in East London.

For ABB, the deal gives access both to the UK domestic market, and to relatively cheap production of body shells and vehicle units.

Brel has a number of existing contracts that might prove profitable, including a stake in the international consortium that will build the 180mph Channel tunnel passenger trains, and a separate share in a consortium bidding for the contract to build shuttle trains for Eurotunnel, the tunnel promoters.

In addition, the company is well placed to bid for £1.6bn worth of BR business expected to be placed over the next five years, and for orders expected from London Underground.

Right airport in the wrong place

James Buxton on why the future of Prestwick may be in the balance

AIR 2000, the charter airline, is to operate the first regular services between Glasgow and North America this summer. But to comply with official airport policy, which makes Prestwick Scotland's only transatlantic gateway, the airline's Boeing 757 will initially fly to Prestwick, 40 miles away, where it will take on fuel before setting out for Orlando, Florida. The Prestwick stopover will add 30 minutes to the journey time and cost passengers increased fares.

SIR NORMAN PAYNE, chairman of BAA plc, this week fired the opening shot in what might be the final battle over the future of Prestwick airport, the company's impressive but grossly under-utilised facility on the coast of Ayrshire.

He wrote to Mr Paul Channon, Transport Secretary, pressing him to carry out an immediate review of the airport's future.

Under government policy, flights between Scotland and countries outside Europe are forbidden to use Glasgow or Edinburgh airports and have to go to Prestwick.

However, because Prestwick is thoroughly unpopular with both airlines and passengers, it has very few scheduled flights: this winter only two airlines, Air Canada and North West Orient, are operating a handful of services to Boston, Halifax and Toronto, with no flights at all two days a week.

The trouble with Prestwick is that it is hard to get to: it lies 40 miles south-west of Glasgow to which it is linked by a modest trunk road. It is impractical for Edinburgh and many other towns in the central belt. There are no flights to destinations in the UK, so Prestwick has none of the functions of a hub airport.

The situation is the despair of Scottish businessmen who have to fly to London or Manchester to pick up transatlantic and other long-haul flights. No leading British airline is prepared to fly from Prestwick; British Airways abandoned it in the 1970s. The Scottish traveller's frustration is heightened by indications from British Airways and also British Midland they they would operate regular transatlantic services from Glasgow if the Government allowed them.

When the Government last reviewed Scotland's three lowland airports – Glasgow, Edinburgh and Prestwick – in 1985, it reprieved Prestwick but said it was looking for "a steady improvement" in its financial results. "If this has not come about by 1989 the policy will be reviewed," a white paper said.

Sir Norman Payne: wants an immediate review

Prestwick's results are still poor: it lost £2.1m in 1987-88 and handled only 303,000 passengers – compared with 3.4m at Glasgow. A freeport established after 1985 has been a failure. As Sir Norman pointed out to Mr Channon, Prestwick's traffic is below the level of 10 years ago, while transatlantic traffic at other UK airports has been growing. Although BAA – formerly the British Airports Authority – says diplomatically that it has not come to a conclusion about Prestwick's future, there is little doubt that, as a privatised company, it would like to concentrate on its other airports.

Yet if Mr Channon does start a review he will run up against one of the most determined lobbies in Scotland – and one that includes a senior Cabinet minister, Mr George Younger, the Defence Secretary, who has a majority of only 182 in his seat at Ayr. He immediately expressed his concern at Sir Norman's initiative, saying that if there were to be a review, "it would be more realistic to hold it after the results for summer 1989 – which are expected to be good – are known."

The Prestwick lobby angrily rejects the argument that it is holding back the growth of aviation in Scotland, and thus that of the Scottish economy, for selfish considerations of local employment – 770 people work at the airport.

Mr George Foulkes, the Labour MP who represents another Ayrshire seat, says: "The best way to improve the economy of Scotland is for it to have a first class-airport." Prestwick, he points out, has a superb, 9,800 ft runway, is almost never closed by fog and has a safe approach avoiding built-up areas. All it needs are better surface communications.

"Scotland would once again be getting second best if Glasgow were developed as our long-haul gateway," he says. He points out that Glasgow's Abbotsinch airport is relatively small, with a short runway that would be difficult to extend – and is not long enough to allow Boeing 747s to take off on transatlantic flights with a full load in some sorts of weather. More flights using Glasgow would increase noise and safety risks for large numbers of people.

Mr Foulkes also questions whether British Airways would in fact start transatlantic services from Glasgow if it were permitted to. "They would prefer to channel people through London," he said, pointing out that Sir Colin Marshall, chief executive of British Airways, has said no more than that the airline would be "interested" in operating long-haul flights from Glasgow.

None the less, many people now believe that Prestwick has reached the end of the road in its present role. There are no plans for upgrading its surface links. A government review would probably conclude that Glasgow should become Scotland's main transatlantic gateway, some time in the early 1990s. BAA recently began the first half of a £110m programme to expand facilities on the ground at Abbotsinch, although more improvements would be needed for long-haul services.

On the other hand, the removal of the long-haul gateway status would not mean the closure of Prestwick: those favouring Glasgow suggest that many Scottish charter flights could be moved to Prestwick; British Aerospace manufactures its Jetstream executive turboprop there and runs a flying school where British Airways trains its pilots. US, British and other Nato air forces use Prestwick and Mr Younger might be well placed to make them use it more. Only a minority of the staff at Prestwick are concerned with passengers.

Yet before those changes can come about Mr Channon will have to grasp a nettle that could badly sting both him and one of his close colleagues.

Flight delays 'unlikely this year'

By Michael Donne, Aerospace Correspondent

DAN-AIR, one of Britain's biggest airlines, believes the long airport delays of last summer will not occur this year.

Dan-Air said yesterday that it had worked with air traffic control administrations to improve communications and set up a Centralised Air Traffic Flow Management Organisation.

"A new concept for managing the traffic has been agreed and is being implemented in all Europe," a statement from the airline said.

"This new organisation is designed to improve the flow of information of traffic demand and capacity to air traffic control managers, so that the airlines and air traffic controllers can operate to the maximum efficiency in a safe environment.

The airline continued: "Co-operation from the eastern European states has been essential. This year many more holiday travellers to Turkey and the eastern Greek islands will fly over the eastern European states, which will ease the congestion in the western states."

"International meetings with airline participation have taken place this week, and more are planned over the next seven weeks."

Dan-Air said European countries had agreed to improve communications between the various air traffic management units in order to speed traffic flows.

Metal trader to return $800,000 futures profits

By Kenneth Gooding

WOGEN RESOURCES, a privately owned metal trading group based in London, has agreed to return $800,000 (£448,000) profits from selling options and futures contracts to US companies.

The group has also submitted to a permanent injunction not to sell options and futures in the US.

That follows allegations by the US Commodity Futures Trading Commission that Wogen illegally sold off-exchange futures in the US from July 1986 to March 1987.

Without admitting or denying the allegations, Wogen consented to an order by a US district judge in California to return the profits over a two-year period. The funds will be distributed at the discretion of the court to customers of the companies to which Wogen sold the contracts.

The options were on various strategic metals, including chrome, cobalt, manganese and titanium, mainly from China, for delivery in Rotterdam.

Mr Colin Williams, Wogen's managing director, said yesterday that the outcome was not a serious financial blow to his company.

Lord Young 'in breach of own policy' over House of Fraser

By Raymond Hughes, Law Courts Correspondent

LORD YOUNG, Trade and Industry Secretary, breached his own publicly proclaimed policy when he decided in November not to refer the 1985 acquisition of the House of Fraser stores group by the Al Fayed brothers to the Monopolies and Mergers Commission, it was alleged in the High Court yesterday.

Mr John Beveridge, QC, for Lonrho, the international conglomerate, told the court that Lord Young's policy was to make a referral if there were issues meriting further investigation.

Yet, although Lord Young had conceded that there was something the commission should look at in the House of Fraser acquisition, he himself had made the decision whether to do anything about it, Mr Beveridge said.

Lord Young's error, counsel said, was his assumption that some matters were for him, not the commission, to investigate, whereas in fact it was the commission's function to look at all relevant matters.

Lonrho is challenging Lord Young's decisions not to refer the acquisition and not to publish his inspectors' report into the acquisition while it is being investigated by the Serious Fraud Office.

The court has been told that Lonrho is convinced the report is "a bombshell", with conclusions adverse to the Al Fayeds.

The hearing is scheduled to end on Monday and the three judges have said they will give their judgment on Tuesday morning, enabling the case to go to the Court of Appeal that afternoon.

The reason for the tight timetable is that the statutory period for a monopolies reference ends on January 22.

Mr Beveridge said Lonrho had been told by the Trade and Industry Department that the contents of the inspectors' report made a referral to the Serious Fraud Office - to consider prosecution - inevitable.

He said the commission would be entitled to take account of everything that happened in 1985 and the continuing consequences.

"The events may be three years old but the rogues have still got the booty."

The situation was unique and raised bizarre commercial consequences, Mr Beveridge said, referring to "vast borrowings" by House of Fraser since it had come under the Al Fayeds' control, which, he said, threatened the whole structure of the company.

It was paying out millions of pounds a year more in interest than the business could generate, he said.

"There have been rumours that all the stores are coming up for sale."

The only reason Lord Young had given for not publishing the inspectors' report was the possibility of a prosecution. He had said his department's policy had always been not to publish a report until any prosecution was over, Mr Beveridge said.

Such a policy would be wrong, Mr Beveridge said, adding that in 1976 a report affecting Lonrho had been published, a contemplated prosecution notwithstanding.

Scots enterprise body criticised

By James Buxton, Scottish Correspondent

GOVERNMENT plans to create a body called Scottish Enterprise to combine enterprise development with training in Scotland have been criticised by Sir Robin Duthie, until recently chairman of the Scottish Development Agency, which is to be merged into the new body.

Sir Robin has told Mr Malcolm Rifkind, Scottish Secretary, that the proposed organisation should keep the title Scottish Development Agency, which he said was an established brand name that should be protected. At the very least it should be retained for overseas marketing of Scotland.

He said that although the organisation that attracted foreign investment to Scotland was known at home as Locate in Scotland it operated abroad as the SDA. "Our competition in the attraction of jobs from abroad would laugh all the way to the jobs bank were we to change the name," he said.

Sir Robin, in a personal letter to Mr Rifkind, also criticised the proposed structure of Scottish Enterprise, which will operate through about 22 local agencies under the executive control of local businessmen. He said the body should be based on the SDA's seven regional offices and businessmen should serve on boards that would have only an advisory function.

At lower levels it should operate through Scotland's 40-odd enterprise trusts, said Sir Robin, who at the turn of the year handed over the chairmanship of the SDA after nine years to Sir David Nickson, former chairman of the Confederation of British Industry.

Yesterday Mr Bill Hughes, chairman of the CBI in Scotland and the man who conceived Scottish Enterprise, accused Sir Robin of wanting to preserve the past. He had no objection to retaining the SDA name for use abroad where its function was unchanged, but at home the Scottish Enterprise was a new body to deal with a new situation.

Advisory boards had not worked in the past and the aim of government policy in all fields was to pass accountability down the line, he said.

One in seven City staff 'unfit'

By Lynton McLain

NEARLY A QUARTER of City executives are too fat and one in seven is so unfit that the quality of their life is affected.

That is one of the conclusions of an analysis of executives that has helped to provide the "first direct evidence that adequate fitness levels can influence the risk factors of coronary heart disease," according to a team of City doctors in a report prepared with the Royal Free Hospital, London.

One in 10 executives assessed had high blood pressure to an extent that warranted medical intervention and more than a quarter were smokers.

The report said the association between weight, body fat, smoking, blood pressure, cholesterol and coronary heart disease had been appreciated for some time, as had the idea that different levels of fitness could have an effect on heart disease. However, the relationship had not been quantified.

City Health Care, the group of doctors that carries out medical assessments of City employees, said its analysis of 760 male employees had shown for the first time that fitness had a direct effect on the risk factors linked to heart disease.

The research showed that it was not necessary to have high levels of fitness to have a significant impact on heart disease risk factors. The group says: "The implication is that an individual who leads an active life by walking rather than driving short distances, climbing stairs instead of taking the lift and generally maintaining a positive attitude to exercise may reduce the risk of coronary heart disease."

It adds: "The greater the amount of exercise taken, the more the risk factors are influenced, but regular everyday activity such as walking to the station briskly may have a profound effect on cardiac risk."

City Health Care said it was still uncertain whether fitness had a direct influence on the heart's susceptibility to coronary heart disease or whether it had an effect by modifying other risks. The report is being presented to the Medical Research Society next week.

Electricians expect membership increase

By Charles Leadbeater, Labour Editor

THE EETPU electricians union, which was recently expelled from the TUC, is set to declare its first membership increase this decade.

Mr Eric Hammond, the EETPU's general secretary told a recent meeting of the union's executive committee that membership trends for 1988 showed that the union was on course to declare its first increase for eight years.

Mr Hammond said it would be some time before the detailed figures would be compiled. But he said initial calculations showed that the union's membership was likely to rise by a few thousand members.

The EETPU membership has declined from 438,699 in 1980 to about 367,000. It has pioneered single-union no-strike agreements to boost recruitment. However, it has suffered a steady loss of members in its traditional areas among electricians and plumbers within manufacturing.

Mr Hammond said the membership increase reflected strong employment growth in 1988. However, he is also likely to use it as evidence that the union can prosper outside the TUC.

Several TUC unions such as Usdaw, the shopworkers' union, and Bifu, the financial services union, have declared membership increases in the past year, while in others, such as the TGWU, general workers' union, membership decline has slowed markedly.

Senior EETPU officials are confident the membership increase will continue at least through amalgamations with independent staff associations.

Mr Roy Sanderson, national secretary of EESA, the union's white-collar section, said he was confident that the union would agree amalgamation terms with three non-TUC unions by this summer. They are the National Association of Fire Officers, the Ministry of Defence staff association and the Institute of Journalists.

Mr Sanderson said discussions with three other unions were at an earlier stage. These include the British Union of Social Workers, some small textile unions and a small education union.

The EETPU's membership would rise by 12,000 if all the amalgamation talks were successful.

The white-collar section's rules are likely to be changed this year at a rules revision conference to turn it into a federation. EETPU officials believe this will make it easier for the union to agree amalgamations with staff associations which want to retain a considerable degree of independence.

Universities in disarray as St Andrews offers staff 5%

By David Thomas, Education Correspondent

UNIVERSITY employers embroiled in a pay dispute with academic staff were thrown into disarray yesterday by the decision of St Andrews University to break ranks and offer its lecturers a 5 per cent increase.

The surprise move by St Andrews could put pressure on other universities to follow suit, although the Committee of Vice-Chancellors and Principals insisted last night that it could hold the line.

The move could also embarrass the Association of University Teachers, which is strongly committed to the maintenance of national pay negotiations.

Ms Diana Warwick, AUT general secretary, last night welcomed the St Andrews move as evidence of vice-chancellors' desire to end the dispute, but said local settlements were not the answer.

The 30,000-strong Association of University Teachers this week began a boycott of university exams, an unprecedented reaction to the increasingly bitter pay situation in the universities.

The AUT is protesting against the failure of the employers to make a pay offer for 1988-89, although the vice-chancellors say that this year was covered by the last university pay settlement. The union is also dismayed by the employers' failure yet to make an offer for the 1989-90 settlement, due on April 1.

The vice-chancellors believe they can afford to offer only about 3 per cent for next year and that this is too low to constitute a serious offer. They hope to put together a package of efficiency proposals which will persuade the Government to release more resources.

However, their strategy may be derailed by the St Andrews move, announced by Professor Struther Arnott, the university's principal.

Professor Arnott said the university would pay its 550 academic and related staff a 5 per cent rise backdated to January 1. He said that after April the 5 per cent award would be adjusted to reflect the eventual level of the national settlement.

The offer was conditional on St Andrews staff agreeing to have their work appraised, a procedure suspended earlier in the dispute, and to abandon industrial action for this year and next.

Professor Arnott is understood to believe St Andrews can afford the 5 cent rise and therefore should not be penalised because some other universities cannot.

The university is also concerned that the lecturers' boycott of exam work might bite soon, though it has so far had little effect.

Jaguar stewards to meet after workers reject 'final' pay offer

By Michael Smith, Labour Staff

UNION SHOP stewards at Jaguar, the Midlands-based luxury car maker, are to meet on Wednesday to discuss their next move after 9,000 manual workers rejected the company's final pay offer.

Mr Bill Lapworth, chairman of the union joint negotiating committee, refused yesterday to discuss the agenda for the meeting but a ballot on industrial action will almost certainly be considered.

Jaguar said yesterday there was no prospect of an improvement in its offer of a two-year deal giving staff a 4.2 per cent increase in the first year and 4 per cent plus profit-related payments in the second.

It had had no talks with the unions since Tuesday's announcement of the ballot result which showed 5,604 workers voted against the offer and 2,373 in favour. No discussions were planned before Wednesday's union meeting.

The Jaguar pay negotiations are seen as a key test of employers' determination to hold back wages in the face of strong pressure from workers resulting from the recent upsurge in inflation.

The Treasury indicated on Thursday that the inflation rate in December could be about 7 per cent.

Although the Jaguar offer is below that, the company says it cannot pay more because of the squeeze on its US market resulting from the weakness of the dollar.

Pay talks are due to resume at Peugeot Talbot, also based in the Midlands, following an offer to increase basic rates of 4,500 manual workers by 4.5 per cent this month and by 5 per cent in January 1990.

Negotiators at both Jaguar and Peugeot believe their hands have been strengthened by an award which gave 2,000 Nissan workers rises of between 18 and 22.5 per cent over two years.

Co-op society links pay to performance

By John Gapper, Labour Correspondent

The Co-operative Society in Gloucestershire has introduced a performance-related pay scheme for all staff, including checkout operators and and cleaners. It is part of a package intended to improve recruitment and retention.

The scheme, believed to be the most comprehensive introduced by a multiple retailer, is linked to a basic pay rise of 6 per cent ahead of national pay negotiations by the Co-operative Employers' Association.

The Gloucester and Severnside Co-op is also introducing its own training scheme. The moves are a further indication of pressure on national Co-op pay rates cause by labour shortages in the south.

Although management pay rates in all Co-op stores are linked to sales, the Gloucestershire society's move to link all rates to performance is one of the most radical moves in retailing towards individual pay rates.

The deal, negotiated with the Usdaw distributive sector union, introduced a range of pay rungs in each grade which staff can climb according to performance ratings every six months. It will take two years to reach the top of scales.

Mr John Perrin, chief executive, said the package of measures was intended to increase staff loyalty and reduce turnover.

The deal, in an area of low unemployment, follows moves made by the Cambridge Co-op to retain staff by paying £12.50 a week on top of national rates and introducing a childcare allowance for women workers.

Mrs Pat Phillips, Usdaw deputy divisional officer, said the deal – covering about 1,200 staff in 38 stores – had been negotiated because, like other local employers, the Co-op faced severe staff retention difficulties.

She said the performance assessments would be carried out with union involvement at each stage. Some unions have been wary of performance-related pay because it is seen as a move towards a more individual relationship with staff.

Telecom union fears threat from temporary workers

By Michael Smith

PLANS by British Telecom to increase the use of employment agencies to recruit temporary workers as switchboard staff are posing a threat to the jobs of the company's full-time operators, according to union leaders.

The Union of Communications Workers says some BT areas have already asked the Alfred Marks and Manpower agencies to help it fill vacancies with temporary appointments. If they went ahead they would be breaking agreements with the union, it says.

In the latest issue of The Post, the UCW's monthly magazine, a front page article says the use of such staff could pose a grave threat to operators' pay, conditions and job security.

The move could be a first step towards doing away with a large full-time operator force and replacing operators with temporary telephonists who "could be hired and fired as they are needed."

Union officials have asked for a meeting with Mr John Birks, head of operator services, to find out whether there has been a national directive from BT to use temping agencies.

BT yesterday confirmed that some areas were exploring the use of agencies for recruiting operators for the first time but said it was nonsense that this would pose a threat to jobs. The initiatives were purely aimed at plugging temporary gaps.

The company has recruited temporary agency staff for cleaning and other types of work for some time and some districts had decided to experiment with the practice in the switchboard areas, BT said. The initiatives were local and broke no national agreements.

Behind the UCW's allegations lies concern that the number of jobs for its switchboard operators is already being diminished by the introduction of new technology.

Some union leaders are concerned that BT may be giving in to pressure from city institutions and analysts to cut the number of full-time jobs and thus reduce staff.

Derecognition 'has not led to new relations systems'

By Our Labour Editor

COMPANIES which have derecognised trade unions for collective bargaining have not generally introduced comprehensive non-union employee relations systems, according to a detailed study of union derecognition.

Derecognition led to complete de-unionisation in only one of the 36 companies covered, all of which derecognised unions in 1987-88.

The study says derecognition has generally been a response to a shift in the balance of power in industrial relations rather than part of a concerted move towards non-unionism.

Employers who reluctantly conceded collective bargaining rights to white-collar unions in the 1970s have been clawing back their power: 23 of the cases were confined to particular grades of workers, especially middle managers, white-collar, scientific and professional staff.

The study, by Dr Tim Clayden, a lecturer in business studies at Kingston Polytechnic, shows that in half the companies unions continued to represent individuals over grievances. Most still had a check-off system for payment of union contributions.

In five cases where unions were derecognised for collective bargaining over pay, they retained a role in consultative arrangements or bargaining over non-pay issues.

The paper identifies three types of derecognition – "general" where collective bargaining rights are withdrawn from all employees; "grade specific" covering only part of the workforce, and "plant specific" derecognition at particular sites within a larger company.

Six companies derecognised unions following lengthy, bitter disputes. This tended to lead to a general derecognition of unions across the company.

However, 27 had not had an industrial dispute in the preceding five years. In these cases derecognition followed a change in employee relations' policy in the wake of a change of ownership or senior management. Derecognition in these companies was mainly confined to particular grades of staff.

The study concludes that a crucial factor in most cases was low membership support for unions and weak links between workplace branches and the national union organisation.

Union Derecognition in Britain in the 1980s is available from Dr Tim Clayden, Kingston Polytechnic, Kingston, Surrey.

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Pressure on profits

IT IS HARD to recall a time when the state of business in the securities markets has been more at odds with the climate in British industry. Take the level of spare capacity. According to the Confederation of British Industry's surveys, unused capacity is now at a lower level than in 1973 when the Barber boom hit its explosive peak. In the equities and gilts market, in contrast, there is too much capital, too many dealers and too little volume for the present level of capacity to be sustainable. Witness the spate of recent announcements about job cuts.

Not surprisingly, the same contrast is apparent in the relative profitability of industry and the securities business. Throughout the 1980s the share of profits in gross national product has been surging, helped by an impressive burst of productivity growth in the manufacturing sector. Along with the balance of payments current account deficit, this has helped plug the gap between excess demand building up in the economy and the ability of the supply side of the economy to meet it. On some estimates, wage costs in manufacturing have been rising by as little as 1¼ per cent. Yet output prices have been rising by nearly 5 per cent. The difference between the two figures is largely accounted for by increased profit margins in industry, as firms have responded to excess demand by raising prices and margins.

Investment boom

The combination of buoyant profits, high output and pressure on physical capacity has contributed to a massive investment boom. In the short run the contribution of investment to demand outweighs its supply effects and thus exacerbates the current account deficit. But in the longer run the increase in the nation's capital stock will add to supply, bringing an improvement in the balance of payments and the inflationary picture.

In the securities business it could hardly look more different. Far from increasing profit margins, dealers have seen savage price cutting since last August. Many have started to think of their core business – market making or agency broking – as at best marginally profitable; the case for persevering is that other forms of fee income cannot be earned without the support of these activities. Some firms owe their profitability over the past 12 months to the role they have played in handling mergers and acquisitions for a highly liquid corporate sector in which share ratings are depressed.

Historically, there is nothing unusual about hard times in the City while industry booms. It is a classic symptom of the turn in the cycle, with the stock market anticipating a downturn in profitability before businessmen detect the change in climate. What is new here is the extremity of the contrast. It reflects the way in which people in the capital markets are only now experiencing the shock felt in the wider economy in the great shake-out of the early 1980s.

Both squeezes were the result of deregulation. In industry this came in the form of the lifting of exchange controls, which exposed the British corporate sector to the full blast of global competition at a time when sterling was overvalued. One result was massive redundancies and reorganisation; another was a surge in the return on capital in the non-North Sea corporate sector from less than 3 per cent at the bottom of the recession to more than 12 per cent today, which is closer to the norm for the developed countries.

On the Stock Exchange liberalisation took the form of opening up the club to outside capital and new players. And the net result has been different only in the sense that the City invested heavily in new dealing systems in time for the profits crunch, whereas industry's investment record in the late 1970s was poor.

Today both finance and industry confront interesting questions on future profitability. How far can the corporate sector sustain its current profitability? And can the securities business look forward to the recovery in profits experienced by British industry in the five years to 1988? As far as industry is concerned profit margins are bound to come under pressure as excess demand is squeezed out of the economy. Unit wage costs will rise and productivity growth will slow with the deceleration in the growth of output. Only if sterling is allowed to depreciate significantly will the industrialists be let off the hook. Yet Mrs Thatcher indicated in the Commons this week that she is looking to British industry for a Japanese-style response to an exchange rate that will not be allowed to slide.

As for the securities business, the likelihood of a comparable increase in profits is anyway far less because of a fundamental economic truth: service industries have more limited scope for productivity gains than manufacturing. And there is a long way to go before it becomes clear just what the level of sustainable profits in a deregulated securities market will turn out to be.

And they, since they were not the one dead, turned to their affairs.
- Robert Frost

FT writers provide a series of snapshots of Tokyo in mourning for Emperor Hirohito

Homage to Hirohito: Two young Tokyo sisters bow in tribute to the late Emperor

The end of an imperial era

Saturday, January 7:

8:30 am: The clatter of eight media-owned helicopters hovering over the perimeter of the Imperial Palace – none would dare overfly the sacred grounds – served notice to anyone within hearing that Emperor Hirohito had died. Within minutes, two loudspeaker vans operated by Japan's boisterous right-wing groups buzzed around the palace perimeter but were quickly stopped by one of many police road blocks.

9:00 am: Prices of white chrysanthemums, used in mourning in Japan, more than doubled in Tokyo's Seika wholesale flower market. Prices of other white flowers, such as lilies and white roses, also soared.

Shops and institutions all over Japan began to display their condolences. Most large department stores suppressed background music and advertising banners and made staff wear at least some black. Keio in Shinjuku, Tokyo, for example, dressed its mannequins in dark colours. Mikimoto, the pearl emporium in Ginza, put a large photo of the Emperor in its window above a floor strewn with pearls. Some businesses carried on normally. Korimbo 109 in the centre of Kanazawa did not remove a large brightly coloured banner announcing in English: "Five Day Bargain Sale."

10:00 am: Extra editions of newspapers began appearing on the streets, taking many people by surprise with the news.

11:30 am: As British Airways flight 008 from London touched down in Tokyo, a hostess came on the public address system to announce in Japanese only that the Emperor had died three hours earlier. The passengers, more than half of whom were Japanese, paused momentarily but then quietly resumed collecting their hand luggage.

12 noon: Mr Umanosuke Ue, an 87-year-old former Imperial army officer, hanged himself, after leaving a note saying he would follow his Emperor.

2:30 pm: Shops in Tokyo's Kanda district specialising in ski wear buzzed with activity, as if it was a normal Saturday in winter. But every shop carried the white mourning flag with a black ribbon attached to the top. In the background there was the continuous hum of radio announcers going over and over the events following the Emperor's death, the expressions of grief, the government measures, the hastily arranged meetings.

No hint of deep-felt sorrow could be glimpsed on the faces of the young men and women searching intently for the latest in skiing paraphernalia and the hottest in ski fashions. Yet there did seem to be a curious sense of waiting in the air, as if time had been suspended and people were waiting for something. Then it came: the announcement of the name for the new era.

"It's Heisei."

"They chose Heisei."

"What are the characters used?"

People could be heard pronouncing the words, listening to the ring of the name, familiarising themselves with it, deciding whether they liked it.

3:00 pm: The parking lot in the Foreign Ministry was filled with Rolls-Royces, Mercedes and other large black cars attended patiently by chauffeurs as Tokyo's diplomatic corps gathered to find out what would happen in the next few days and what they should do. Information was meagre. Books of condolence would be opened at the Imperial Palace and at Japanese embassies for the next 10 days from 9 am to 5 pm. In fact, the books at the Imperial Palace had to remain open late into the night as hundreds of thousands of people thronged to register their regrets.

Evening: Bars and discos in Tokyo's fashionable Roppongi area were deserted following a decision by the association of entertainment businesses in the district to close. The manager of Java Jive, a disco, said the decision was "a blow to business." Normally, there would be 1,000 customers.

Sunday, January 8

00:03 am: The first baby of the Heisei era, a boy, was born in Toyama.

2:50 pm: On a regular internal All Nippon Airways flight from Tokyo to Komatsu, normal in-flight entertainment was replaced by a documentary on the life of the Emperor. At Komatsu airport, funeral music was playing in the background, and tourism promotion posters were removed.

12:00 noon: The diplomats in their black cars returned to the Foreign Ministry for another briefing, this time gaining more information. The state funeral would be held on February 24. Each country could send five people – a leader and spouse, the ambassador in Tokyo and spouse and one other. The Japanese would not indulge in funeral diplomacy. The new Emperor would hold an audience for heads of missions in Tokyo on January 24.

Video shops around the country did hectic business all day as people tired of watching documentaries about the Showa era and news and commentaries on the new era. The documentaries tended to give short shrift to the war years, with longer grainy black-and-white passages showing Hirohito's visit to Europe in 1923 and glossy colour passages showing him at his marine biology studies. Many video shops reported that The Last Emperor – about the last Chinese emperor – was the most popular video. Broadcasting companies were bombarded with telephone calls complaining about the suppression of normal programmes.

Monday, January 9

Mr Bob Tizard, New Zealand's Defence Minister, said Hirohito "should have been shot or publicly chopped up at the end of the war. For New Zealand to express any sympathy grates against my back teeth." Mr Sosuke Uno, Japan's Foreign Minister, regretted the statement, and Mr David Lange, New Zealand's Prime Minister, said it did not represent his Government's view.

9:00 am: The New Year grand sumo tournament began in Tokyo, the start having been postponed by one day out of respect for the late Emperor, who was a sumo fan.

9:30 am: Entrepreneurs crowded into company registry offices all over Japan attempting to register company names with the word Heisei in them.

11:00 am: The new Emperor declared at an audience for 238 government and private sector leaders that he would uphold the constitution imposed by the post-war occupation authorities. A few Socialist and Communist members of the Diet (parliament) boycotted the audience because of their opposition to the imperial system.

The University of Tokyo hauled its mourning flag up the staff after students had succeeded in spraying it with blue ink. Student and trade unions had demanded that the university show no form of condolence but, as a public institution, it had to comply with government guidance. It hired 60 guards to surround and protect the flag to no avail. A similar mourning flag at Chuo University in suburban Tokyo was taken down after being sprayed with red paint. Kirin Brewery postponed the launch of four new products, Wacoal postponed a lingerie show, Matsushita cancelled an announcement of a new mini stereo system.

3:00 pm: The Nikkei average of 225 leading shares on the Tokyo Stock Exchange closed up 468.85 points or 1.55 per cent at 30,678.39.

5:00 pm: Mr Tadao Tanaka, 38, a cook in a Chinese restaurant in Kumamoto, committed suicide in front of his family's grave by stabbing himself in the chest and abdomen. He left a note saying, "I am not a rightist but the Emperor has gone and now I no longer can live."

Tuesday, January 10

The two mayoral candidates in Kobuchizawa, Yamanashi prefecture, agreed to reduce the use of loudspeaker vans by three hours, to refrain from wearing the traditional aggressive headbands at campaign launch parties and to canvass in front of the railway station for only one day.

A direction sign disappeared at the village of Heinari, which uses the same characters as the name of the new era.

3:00 pm. The Nikkei average closed up 328.12 or 1 per cent at 31,006.51. The Government set up a budget of Y9.3bn (£41m) for expenses in connection with the funeral and burial of the late Emperor. Of the total, Y2.68bn will be used to build a tomb.

Wednesday, January 11

The Okura Hotel, one of Tokyo's top hotels, has established a special office for preparations for the funeral. Inquiries have been received from more than 30 countries and the US has already booked 400 of its 880 rooms. The Imperial Hotel has had bookings from 25 countries. The National Police Agency announced that more than 32,000 police officers would be mobilised to provide security during the funeral period. The cost of extra security measures was estimated at Y2.45bn.

3:00 pm: The Nikkei average closed up 136.94 points at 31,143.45.

7:30 pm: Sitting beside a piano in the Big Ben lounge in central Tokyo, Mr Mikihiko Takahashi, whisky taken with water and ice, was contemplating his future in the first week of Heisei. The Emperor was dead, the yen was wavering and he, an assistant manager of a Japanese construction company, had to buy dollars, a lot of dollars. Served by a waitress from Shanghai, entertained by a Brazilian piano player and reminded of the time on the hour by a little Big Ben, Mr Takahashi sought informal advice on the longer term impact on the yen of the Emperor's passing. The problem was that he had to buy this week. He was certain that to wait a week would give him a better rate.

Thursday, January 12

The family of a late Japanese army general revealed a poem, written and sent by the late Emperor, praising the general for stopping an attack by Imperial Japanese troops in the 1932 Shanghai Incident. Mr Yoshimasa Shirakawa, 79, son of the general, said the Emperor's Grand Chamberlain had delivered the poem in May, 1933, but had asked the family to keep it secret for fear that it anger the military.

3:00 pm: The Nikkei average closed unchanged at 31,143.45.

8:30 pm: In a subterranean Tokyo karaoke bar (where customers sing heart rending ballads to taped accompaniments) a man, who said he was out of work, became emotional about the comings and goings of Emperors. His life had not changed, he said, but, like all Japanese, there was a small place in his heart devoted to the Emperor. "There have been 2,000 years of Emperors. We have to feel something about the old Emperor and the new Emperor. We are all Japanese. The Emperor is Japanese." The bartender agreed, poured his unemployed customer a drink from a bottle kept for him, and wanted to know how much coverage foreign newspapers gave the events of the week. Whatever was reported, "some foreigners will always dislike Japan," he grumbled.

January 13

The official mourning period ended. Advertising banners hanging down the exterior wall of the building in which the FT Tokyo bureau has its office were unfurled again after a week in which their absence improved the lighting considerably. Mr Masami Takatsuji, the Justice Minister, announced that an amnesty would be announced just before the Emperor's funeral. However, there would be no amnesty for those accused or convicted of bribery offences. This ruled out a pardon for Mr Kakuei Tanaka, the former Prime Minister, convicted of accepting a bribe from Lockheed Aircraft in the mid-1970s.

3:00 pm: The Nikkei average closed up 154.98 at 31,298.38. On the week, it gained 1068.84 points or 3.6 per cent.

Contributions from Mitsuko Matsutani, Michiyo Nakamoto, Robert Thomson, Ian Rodger, Stefan Wagstyl, Patti Waldmeir.

MEN IN THE NEWS

Jaguar workers

Something more than money at stake

By Michael Smith

The workers at Jaguar, the UK luxury car maker, have a reputation for considering themselves a privileged group among car workers. However, in the West Midlands this week there were signs that the sense of pride they feel in working for the company has either been exaggerated or is in decline.

A 45-year-old assembly worker called Bill looked a likely candidate for extolling the virtues of his employer when he strolled in to the Wallace public house in Coventry sporting a sweater emblazoned with a large Jaguar motif.

It turned out, however, that he was only wearing it "because it's cheap." Did he feel proud to work for Jaguar? "Now and again, I suppose."

Terry, a 42-year-old rectifier who has been with Jaguar for 15 years, is less enthusiastic. He says he used to be proud to work for the company but the feeling has diminished in the last few years, partly because relations between management and employees have deteriorated. "All they want now is quantity," he says.

There are undoubtedly plenty of Jaguar employees with a more positive outlook towards the company. But there are enough like Terry to suggest that the workforce's rejection this week, by a two to one majority, of the company's final pay offer is about more than simply money.

Regardless of whether Jaguar workers feel they have a privileged position, it is clear that other West Midlands employers think they are important. They are willing Jaguar to hold the line on pay. The company, which employs 9,000 manual workers, is one of the area's biggest employers of such workers and its pay settlements can set the trend for other employers.

"It wouldn't help if they made a silly agreement," says one managing director whose company makes components for Jaguar.

"We are looking to keep our wage settlement to around 6 per cent, so we are hoping that the Jaguar workers realise that they have to take the rough with the smooth and that they have been given a very fair offer."

Jaguar's proposed two-year deal would provide £7.50 a week backdated to November 1 1988 and the same again in November 1989. That translates into rises of about 4.2 per cent and 4 per cent in each year. In addition, if pre-tax profits exceed £25m in the first half of 1990, the company will give lump sum payments of between £30 and £135, followed by weekly grade increases of between £1 and £4.50 from August 1990.

With both the UK inflation rate and average pay settlements rising to about 7 per cent it is not the most generous offer Jaguar has made. But the company says it simply cannot afford any more at a time when pre-tax profits – down from £121m in 1986 to £97m in 1987 and (analysts believe) a probable £45m in 1988 – are being severely squeezed by the weakness of the US dollar.

"When we were making good profits we gave extremely generous pay rises," says Jaguar. "It is not that the company has suddenly decided to be hard on its workers. We are reacting to harsher trading conditions."

Over the last year Jaguar has been explaining its difficulties in a series of video presentations to workers. Detailed knowledge of Jaguar's finances, including its hedging policy for the US dollar, has so far failed to convince employees of the need to take what they regard as a fall in living standards.

"OK, so the company is not going to make windfall profits this year but why should we have to take an effective wage cut?" asks Tom, a 30-year-old assembly worker at the Browns Lane plant in Coventry. "Nobody believes things are as bad as the company says they are but even if they did, the company would still make profits of more than £45m this year. That does not make it hard up."

Typical take-home pay, including bonuses, of a shop-floor worker at Jaguar is about £165 a week and the company says it is the highest paying car maker in Britain. Recent pay settlements for two other groups of UK car workers have, however, made Jaguar's task of selling its pay deal more difficult.

Workers at both Ford and Nissan have both been given relatively generous wage increases and crucially, in the Jaguar workforce's eyes, both sets of employees are involved in two-year deals in which the second instalment is linked to inflation. There is no provision for rising prices in the Jaguar deal; only the profit-linked payments which workers regard as an inadequate substitute.

Behind the concern over pay lies a belief among the workforce that they have already helped the company through its difficulties by working harder as part of productivity deals. Management are taking a much more "them and us" attitude, they say.

"I came back to work here in July after an eight-month break and I was surprised by the change," says Jean, a 50-year-old worker at Browns Lane. "Managers spoke to staff more harshly and there is a lot of pressure on us."

The tougher regime and the workers' reaction to it helps to explain, in part at least, why last year Jaguar lost more time through stoppages than it has since 1984. Even so, the company estimates that only 0.1 per cent of total hours were lost through disputes – hardly an industrial relations disaster.

Is the present pay row likely to lead to a much worse disputes tally for 1989? Although the pay negotiations have dragged on for several months and the company's final offer has been thrown out, a full-scale confrontation seems unlikely.

"Although I voted against the pay, I could not afford a large loss of earnings," says David, a 30-year-old Radford plant employee, echoing the feelings of a large group of employees.

Some workers feel guerrilla action – such as one-day stoppages or overtime bans – is more likely. In the next few days employers and union officials in manufacturing companies in the Midlands and throughout the UK will watch the Jaguar workers' next move with an unusual degree of interest.

Christian names have been changed and surnames withheld at the request of interviewees.

Raymond Snoddy on the countdown to the launch of Sky satellite TV in the UK

Is there anybody out there?

"MONDAY. That's when infinity starts. I think the logo of this news channel should be infinity," says Mr John O'Loan, the quietly spoken Australian who was told in July that he had eight months to create Europe's first 24-hours-a-day news channel.

Infinity starts on Monday because from then on the 200 staff at Sky News will stop 12 hours-a-day rehearsals and move to 24-hour trials as the studio and control room take shape around them. They will continue until Sky News goes live on the afternoon of February 5, together with three more of the six new satellite television channels planned by Mr Rupert Murdoch, News International chief executive.

Then, unlike any other television newsroom outside Mr Ted Turner's Cable News Network in Atlanta, Georgia, there will never again be a closing goodnight or goodbye from the presenters. The programme will go on for ever – or as long as Mr Murdoch's purse and will holds out.

At the moment, rehearsals with presenters such as Kay Burley, formerly of TV-am, the breakfast television company, and Bob Friend, the former US correspondent of the BBC, last from midnight until midday. Then the engineers from Sony continue work in the control room. To enable this technical work to continue, the second block of 12-hour rehearsals will be controlled from an outside broadcast van.

On Monday, too, the lines will be connected linking the studios with Visnews, the international television news agency and Sky's main source of "raw" news pictures from around the world, and CBS from the US. Then, at least in theory, Sky News will be ready to go live.

From the outside, the £15m Sky Television studio complex at a business park at Osterley, Middlesex, not far from the most famous local landmark, the Gillette factory, looks like, and still is, a building site.

There are builders' huts and corridors that can only be successfully navigated over planks covering gaps exposing complex wiring. Office chairs are still in their plastic covers, dozens of television sets are stacked up in cardboard boxes and there is a sound of sawing off-stage.

Specialists say, however, that building work which should have taken two years has been completed in six months. At the heart of the apparent chaos there is a fully operational computerised newsroom and, beyond, a programme taking shape which would not look too out of place on breakfast television.

As well as the Osterley studios, there will be a studio at Wapping, the east London headquarters of Mr Murdoch's five national newspapers where the expertise of his journalists on The Times, Sunday Times and The Sun can be called on.

"There is fantastic anticipation and spirit," says Mr O'Loan, who came to Sky News from Channel 10 in Australia. On Thursday morning he overslept and arrived at 4.30 am instead of 3 am. The tone of the programme, he says, will be neither tabloid nor broadsheet. "We will just cover the best stories."

But, apart from the £15m capital outlay, the news channel is expected to cost more than £28m a year to run – and no-one is willing to predict when advertising revenue will rise to meet such costs.

Sky News will be divided up into manageable chunks for both the teams of presenters and the viewers. The Sky News Sunrise on a typical day will be presented by Penny Smith, ex-Thames TV, and Alastair Yates, ex-Anglia TV. They will handle the programme until Kay Burley and Bob Friend take over at 9 am. The teams of presenters will stay together and in general stick to regular time slots.

On every hour, day and night, a news programme will begin, lasting for at least half an hour. On the half hour there will be different strands of complementary programming. It will range from the European Business Channel and NBC's Today show live from New York, to documentaries and a health slot provided by British Medical Television. there will be a daily interview with celebrities and newsmakers by Frank Bough, the BBC presenter who fell from grace and has been given a new professional lease of life by satellite television.

Sky News is very much the flagship of Sky Television whose six channels will be beamed down from the 16-channel Astra satellite to 60 cm dish receivers in most parts of the UK. According to one executive, Sky News will act as a "heatshield" to deflect criticism of the more populist Sky Channel – described by Mr Andrew Neil, executive chairman of Sky Television (and editor of the Sunday Times) as ITV without the public service broadcasting bits.

At Sky Television, schedules for the opening days are being changed and improved almost on a daily basis. Most of the best films for Sky Movies, the new film channel, will be kept until audiences are bigger and the channel is scrambled and becomes subscription-only later in the year. There will, however, be a couple of "blockbusters" each week.

Eurosport, the sports joint venture between Mr Murdoch and 12 of Europe's public service broadcasters, now being closely examined by the European Commission, will probably open with a US ski championship from Vail, Colorado.

But as Britain's four national television channels double to eight, how many people will be watching the service that will cost Mr Murdoch more than £100m a year? To begin with, very few. In the first weeks, which are being viewed almost as a test transmission before a likely formal launch in mid-March, the main audience will be among those attached to cable television

Alan Harper

In the satellite picture: Mr Rupert Murdoch and Mr Alan Sugar

As many as a dozen manufacturers are committed to making the receiving equipment at prices ranging from £145 to more than £300 – but relatively small numbers have reached the shops and fitting will take time.

This week Mr Alan Sugar, chairman of Amstrad Consumer Electronics, delivered his first 500 receivers to Dixons and Comet stores, but they will only be demonstration models. By April, Mr Sugar says he will be delivering receiving equipment – basic model £199 – at the rate of 100,000 a month and will manufacture 1m in the first year.

However, Sky Television has already reduced its guarantees to advertisers – from 2.5m homes in the first 12 months to 1.15m by the end of this year. In addition, advertising agency Saatchi & Saatchi predicts that a total of only 418,000 satellite dishes will be sold by the end of this year for both Sky Television and rival British Satellite Broadcasting, which launches in September.

To Bob Friend, the BBC veteran of more than 20 years and a journalist used to audiences of 10m, the small numbers at the start do not matter. "It was too new, too fresh, too interesting to resist," he says.

Andrew Marshall looks at the row over buying tickets for the Wimbledon tennis tournament

Seeing red over black and white markets

There is nothing the British love more than a good sporting row, preferably with lots of ready cash and a smattering of class politics thrown in for good measure. This week, the All England Lawn Tennis and Croquet Club (AELTC) obliged by relaunching the perennial row over ticket touts – and with strawberries and cream still months away.

The AELTC knew it was taking a risk when it offered to buy back unwanted seats at inflated prices from holders of debentures as part of the war against the black market. "We realise it's a fairly sensitive area. But at the end of the day, we felt we should take the initiative. We've got nothing to lose," said Chris Gorringe, chief executive of the AELTC. Quite so, say the AELTC's critics: by taking on the touts at their own game as gamekeepers turned poachers, they have a great deal to gain, and the tennis lovers will see precious few extra tickets, if any.

Debentures, which last five years, entitle the holder to one centre court ticket per day for the Wimbledon fortnight plus certain other privileges. Holders frequently find they cannot use all their seats, and selling them on the "black" market provides some return on the cost. The present 1986-90 series cost £6,250 when launched. This includes a £5,000 premium, which has gone towards funding new buildings, new courts, and a museum.

There is now a "white" market for debenture tickets, the AELTC says. It will buy them, at a significant premium over their face value. The tickets will be resold to the ticketless in the official hospitality marquees. Effectively, the AELTC has set up in competition to the touts.

Mrs Teresa Gorman, MP for Billericay, has sprung to the touts defence. Labelling the AELTC "Edwardians in Aspic," she says it is "taking bread out of the mouths of the orthodox ticket sellers."

There is already a thriving and legitimate market for debenture tickets, and the AELTC's move has raised a lot of hackles.

John Cook, a director of ticket agents Denton and Warner, is splenetic about the AELTC's decision, and the way it has been presented. "We're as official and as reputable as anyone," he says. Trading in debenture tickets is not illegal or illegitimate under the AELTC's own rules, he points out.

But why should the AELTC not join the market like anybody else? Mr Cook says it has no experience in the market at all, and is liable to come a cropper when it tries to start trading.

To prove his point, Mr Cook is offering 10 per cent over the AELTC's figure to anyone doing business with him on the same terms – replying before March 31. Anyone who does business under normal circumstances with Denton and Warner, he says, stands to make "substantially more." The AELTC may have done little more than start a bidding war.

Nor will its scheme lead to the fabled tennis loving public getting their hands on more tickets, says Richard Scott of Langston Scott, a broker in corporate hospitality. The AELTC is restricting the sale of its tickets to those customers using the official marquees at Wimbledon, Mrs Gorman points out. "This won't affect touting at all. It'll just shift tickets from the élite to the crème de la crème."

The main impact, says Mr Scott, will be to "put excess pressure on many of the unofficial corporate hospitality suppliers." That should lead to companies putting more custom the way of the AELTC's official hospitality marquees – and Langston Scott, Mr Scott hopes.

In any case, many of the great tennis loving public are not, it seems, averse to a punt on the black market themselves. The AELTC's own (admittedly limited) figures back up the argument that debentures are not the main source of the black market. Of 67 tickets retrieved from luckless touts last year, 42 were from the public ballot, 15 from county tennis associations, 2 from competitors, 4 from foreign tennis associations and 4 from debenture holders. The odds against getting a ticket from the ballot this year are 6 to 1; how many tennis lovers and how many profiteers?

To do it justice, the AELTC makes no grand claims for the scheme, which it says was prompted by debenture holders' wish to onsell without using the agencies. Chris Gorringe admits that the scheme will have little impact on the touts. From the AELTC's point of view, the key difference is that profits will at least be redistributed to the good of British tennis.

Are the touts really the problem, or a symptom? Mrs Gorman, the touts' friend, compares them to traders of stocks and shares, who perform essentially the same function. "Take them out of their anoraks and put them in suits, and they suddenly become respectable," she barks. After all, debentures themselves are freely and legally traded on the London Stock Exchange, by firms as reputable as County Natwest and James Capel.

The anorak-and-wad brigade are sanguine. "It won't touch us at all," said one gentleman anxious to return to the telephones which could be heard ringing in chorus. "We get our tickets from all over. Must go, mate." Several seemed not to have heard about the AELTC scheme; others had, but were still looking forward to record years.

One of them supported Mrs Gorman's view: "We just take a turn," he said. "People say we're greedy. But it's the ones that flog the tickets, the little old ladies and City types, they're the greedy ones."

The basic problem is the huge imbalance of supply and demand for attendance at the world's premier tennis tournament, and that has not changed. "The laws of microeconomics dictate that wherever market forces are flouted . . . seedy gentlemen with bulging wallets and mobile phones will soon appear," wrote Barry Riley in this newspaper seven months ago, advising the AELTC to set up a secondary market of its own.

Though they have not quite followed the FT's advice, the august officials of the AELTC have now apparently taken the Long View and started collecting wads of cash. Anoraks and mobile phones are optional.

WIMBLEDON TICKET ALLOCATIONS (%)

GENERAL PUBLIC: (Public ballot, tennis clubs, LTA registration scheme, standing room and daily sales)	52
DEBENTURE HOLDERS	14
OFFICIAL MARQUEES AND WIMBLEDON PACKAGES	9
OTHER: (schools, competitors, officials, Royal Box,press, members of AELTC, LTA, Foreign tennis clubs)	25

Source: AELTC

LETTERS

Two services wanted

From Mr R.J. Davis.

Sir, I am a small-time depositor in the Abbey National. Getting "something for nothing" out of the proposed Abbey flotation would be very valuable indeed to me.

According to press reports, I could expect to receive some £300-worth of shares, with the prospect of them doubling in value on quotation, together with the chance of acquiring further shares at nominal value, which in turn would double in value on quotation.

As someone fed on Thatcher principles of opportunism and short-term gain, I should be expected to grasp all that is offered, with both hands.

Instead, I am profoundly sad that one of our great mutual societies has succumbed to greed. My experience of other building societies' attempts to offer all things to all men has been an example of how the number of services offered has been in inverse proportion to the benefits to the customer.

Stand in the queue at any Nationwide Anglia office and measure how long it takes to be served. Compare the quality of service with that offered previously by the old Anglia. There is no comparison.

We seem to live in a world where bigger automatically equates with better; where executive power means more to management than quality of service to customers; where (dare I say) executive salaries equate to size of corporation; all at the expense of the "little man/woman in the street".

I regret the recent "urge to merge" attitude, just as I regret financial services clambering on the bandwagon of offering what they call "a full range of services and products". I want my building society to offer two services: a secure home for my money, and the ability to offer me a mortgage. No more, no less.

I regret that societies such as the Abbey will have their way because there will be no effective opposition, and members will be seduced by the lure of cashing in.

R.J. Davis,
27 Saddlescombe Way,
Woodside Park, N12

Changed expectations

From Mr Owen Darbishire.

Sir, Frank Blackaby says ("Three telling questions about inflation" January 11) that "economic policy is at present doctrinal rather than pragmatic." The doctrine, he argues, is a false economic one.

It would be more accurate to distinguish between the monetarist rhetoric of Government policy (which is empirically and, as he points out, also intrinsically implausible) and the true motivation for that policy, which is more psychological and political.

While there may have existed some self-delusion about the efficacy of monetary policy throughout the Thatcher years, the principal aim of policy has been to change people's expectations about the British economy in general.

In particular, the Government has sought to enforce an external discipline on UK industry, to force it to change its wage-setting and price-setting behaviour.

This discipline has taken such forms as the reduced demand of the early 1980s, and the appreciating real exchange rate now. It aims to work by showing managers and workers what the aggregate effect on them would be of too high wage increases.

In so far as the wage setting behaviour is at fault, the policy is doomed to failure for many reasons – foremost of which is that the external discipline is aggregative, but wage settlements are not.

Any inherent inflationary characteristics the UK economy might have had in the early Thatcher years, it still has today. Indeed, as Mr Samuel Brittan continually refuses to recognise, the policy is having to be re-tried only because it has previously failed.

The sooner we recognise that this expectations-based policy is fundamentally flawed, the sooner we can avoid those very damaging policies which are undermining our manufacturing base and future prosperity.

Owen Darbishire,
The Old Mitre,
Repton, Derbyshire.

Metamorphosis may occur in middle age

From Mr Julian Clover.

Sir, I think I see a chink of light in Bob Tyrrell's depressingly plausible forecast of an increasingly middle-aged society (January 3).

As the now-fully-Thatcherised hippies of my generation reach retirement age, pay off their mortgages and draw their pensions – substantially enhanced by the provisions of recent legislation – the financially innocent baby boomers of the 1960s may re-emerge as the leisured whoopies of the over-60s.

Out will go the deadly seriousness of city suits and computerised organisers. Back will come psychedelia, "happenings" and general frivolity.

Our grandchildren, like their great-grandparents before them, will view all this with profound disapproval. I should like to think they will also be a little bit jealous.

Julian Clover,
83 Marshett Road,
Colchester, Essex

Professional price paid in the 'free' financial market

From Mr J.P. Morris.

Sir, I am absolutely amazed at what has happened to our financial services industry since I became an independent financial adviser just over four years ago.

Before coming into the "free market" I was a direct salesman for several years with the then Hambro Life Assurance. On becoming an independent I received extra commission from some insurance companies by way of override. This was used to fund the running of an office, the capital equipment required and, of course, the staff for administration purposes. These facilities were supplied free of charge to the direct salesman. There was no requirement to disclose commission for any category of insurance consultant.

Some four years later, vested interest insurance company executives in influential positions are achieving objectives which the monopolies commission should be investigating.

I think the whole operation stinks. The direct salesman is now in a position to receive commission in excess of commission paid to an independent, and in addition to this there is a rent allowance from certain companies if you run your own office – and of course printing and stationery come free of charge. (You are also probably in the fortunate position of not having to disclose to your clients how much commission you are receiving.)

The independent intermediary, who can obviously offer a more comprehensive service to his or her client, now receives less commission – and pays his/her own office expenses, including stationery and printing. If that were not bad enough, the independent intermediary will also have his/her commission disclosed to the client.

Independent intermediaries on the whole tend to be small companies working for themselves, without sufficient time or funds available to enable them to lobby the various bodies involved in putting together the financial services *modus operandi*. The large insurance companies with direct sales forces have been getting away with murder, exerting pressure in the right places to arrive at a market place where the independent adviser is squeezed so hard that, in the end, there may be no other option but for us all to become tied agents. (Very convenient for the direct sales force companies.)

The Conservative Government has been preaching the virtues of a free market-place. The Financial Services Act is going completely in the other direction, imposing unfair and restrictive conditions on independent intermediaries. It would appear that the Government and its ministers have a severe communications problem.

Jack Morris,
House on the Green,
High Street,
Wombourne, West Midlands

My word is about a bond . . .

From Mr C.L. Jackson.

Sir, John Edwards's verdict on the new National Savings capital bond (January 7) was much too kind to the Government. I agree with his quote from Peter Hargreaves, who claimed that the capital bond has "nothing to commend it".

The net return to a high rate taxpayer is hardly generous, at 7.2 per cent, when compared with the fourth indexed linked certificates which, over the same period, will probably produce a net return of 9 per cent. But when you take into account that tax must be paid on interest which will not be received for up to four years, the Government's audacity, in promoting this "capital" bond as a "not to be missed" opportunity, is breathtaking.

John Edwards asserts that charging tax before receipt of interest is "not totally new, since high rate taxpayers, for example, are liable to pay tax on deposits held in building societies, but it is not a pleasant prospect to fork out tax in advance."

Higher rate tax on building society accounts is charged *after* the receipt of the interest. I believe that charging tax before the receipt of the interest is without precedent. Surely the advertisement promoting the bond is in breach of the Trade Descriptions Act.

C.L. Jackson
36 Greystoke Avenue,
Pinner, Middlesex

Low incomes seek low rents

From Mr C.B. Levick.

Sir, Mr Lewis (January 4) thinks a free market will create lots of rented property for young people in London.

There is a free market at the bottom end of the private rented sector in London. Fair rents tenancies have been replaced by "holiday lets", fake student accommodation, "licences". Availability is very poor, quality is terrible and the price, relative to young (low) incomes, is crippling.

Housing delivered in flexible ways via the state, co-operatives, associations, voluntary groups, special interest groups (like universities, for students), charged to cover all cost except the initial capital cost, is the answer. Rents of 60 per cent of income are right out of order. 30 per cent should be the top figure, with options to buy (pay the capital cost) in stages as income rises.

C. B. Levick,
46b Walterton Road, W9

Details of how the two companies will be organised in the four fields of activity

Making a European base in the GEC/GE venture

By Terry Dodsworth, Industrial Editor

FOUR BUSINESSES will come together in the new joint venture being formed by the General Electric Company of the UK and General Electric of the US. They are all in Europe, and will create a combined turnover of between $2.3bn and $2.6bn. Each of these operations will be covered by a separate agreement depending on the type and size of the companies concerned.

● Consumer products – In the consumer products area, the two companies are merging their household appliances businesses in a new 50/50 joint venture centered on GEC's Hotpoint and Creda groups in the UK.

GEC, with sales of £600m and assets of £130m in this sector, has far more to contribute than GE, which has a turnover of only about £50m in European white goods – mainly big, upmarket fridges and so on to US servicemen. The disparity in size of these two companies is one of the main reasons why GE will be making a balancing payment of £325m to GEC to equal out their *contributions to* the collaborative arrangements.

GEC's management will be in control of this division, where the aim is to use the new, enlarged platform to expand in the rest of Western Europe.

Hotpoint – a name shared with GE in the US, reflecting common roots in the 1930s – is market leader in the UK, but it has failed to match the creation of pan-European groups mounted by companies such as Electrolux in Sweden or Merloni in Italy.

The intention now is to try to expand through acquisitions on the continent, *as well as* through organic growth. An initial expansionary step will be an immediate £40m investment in a new refrigerator manufacturing plant in the UK. At the same time the companies intend to co-operate widely in research and development, with a variety of technology *exchange agreements.* In the longer term, the strength of GE in the US *domestic appliance market* – it has total white goods sales of about $5bn – should help provide muscle and know-how for this growth.

Mr Anders Scharp, president of Electrolux, said yesterday that he welcomed the arrival of the Americans in Europe. The link-up would force a further shake-out in the European industry, he said, with increased competition from two profit-oriented companies more interested in the bottom line than sheer volume and market share.

● Medical Electronic Equipment – In this sector, comprising diagnostic products such as CAT-scanners and nuclear magnetic resonance machines, GEC is effectively folding its tents in Western Europe, where it is outclassed in size by Siemens of West Germany, Philips of the Netherlands, and GE, which last year purchased CGR of France from Thomson.

The new European joint company will be 75 per cent owned by GE, which is *believed to have sales of* around £250m in this sector against GEC's Picker division's $50m. In the US, the two companies will remain quite separate, and no plans for a merger were discussed because it was felt that it would not be accepted by the American anti-trust authorities. GE has *worldwide sales of about* $2bn in medical electronics against Picker's $600m.

The two companies will, however, have a "blue sky" research agreement for the next generation of equipment. Each of them will be able to draw on the technology developed in this operation – if GEC stays in this area. There is no doubt, however, that GEC will want to try to forge new *alliances with other companies,* as it attempted in an abortive effort with Philips a year ago.

● Electrical Distribution Equipment – Each company is putting roughly equivalent businesses into this new organisation, which makes low voltage assemblies, circuit breakers, plugs and sockets and so on. The combined operation will have sales of around £200m, made up of GEC's Vynckier group in Belguim, which has just acquired a French business, and GE's Italian-based Compagnia Generale Elettromeccanica (Cogemec). There will be some research *collaboration in this area.*

● Power Systems – In this area, GEC has just reached agreement *with Alsthom,* French producer of power stations and transport equipment, to create an venture which will have sales of around £4.4bn. The second stage of this deal will now bring in GE as a partner in the gas turbine subsidiary of the group. These activities have sales of around £400m.

GE will be the junior partner in the gas turbine group, with 33 per cent of the shares against 66 per cent held by the GEC-Alsthom consortium. It has come into the operation *largely because of its world*-wide leadership in the technology for large gas turbine *systems; GEC, on the other* hand, has a strong position in small gas turbines.

Mr Bob Davidson, head of GEC's power generation division, said yesterday that he believed the new gas turbine operations would be able to expand rapidly now that the new division had been formed.

THE SHAPE OF THINGS TO COME? GEC's LINKS WITH GE AND SIEMENS*

Division	Turnover 1987/8 (£m)	Proposal
Electronic systems & components (Marconi and Avionics)	2,137	100% GEC ownership.
Telecommunications (GPT) & business systems	732	GPT now 50/50 with Plessey; plan: 60/40 with Siemens.
Automation & control	551	100% GEC ownership.
Medical equipment	367	In Europe joint venture split 75/25 GE/GEC; US operations stay separate.
Power generation & electrical equipment	1,258	50/50 European power engineering joint venture with Alsthom (£4.4bn sales). GE to have substantial stake in this unit's gas turbine subsidiary.
Consumer products	582	50/50 European GE/GEC joint venture in domestic appliances. GE's US operations stay separate.
Distribution & trading	192	100% GEC ownership.

*Assumes approval of GE deals and successful bid for Plessey

ICH shares rise sharply to 92p on talks of offer approach

By Nikki Tait

SHARES in International City Holdings, the UK financial services concern specialising in money and securities broking, jumped 14p to 92p yesterday on an announcement that talks are in progress which might lead to an offer for the company.

Yesterday, *ICH declined to* elaborate on its statement. However, there were suggestions that a number of parties - both UK-based and overseas - may have expressed interest.

Mr Gary Klesch was one of the rumoured possibilities in the market, although some analysts were dismissive of this and later thoughts turned to Japanese predators. *ICH* already has links with Yamane Tanshi, a Tokyo foreign exchange broker specialising in short-term market operations.

A key interest of around 28 per cent in ICH is held by Throgmorton Trust, the investment trust, which acquired the bulk of this earlier this year, when it injected £29.2m into the company in return for shares. Throgmorton subscribed at 192p a share.

ICH has been a less-than-happy creature more recently, however. Market conditions led to a 44.2 per cent fall in pre-tax profits to £9.6m in the year to end-July, and the final dividend cut. In mid-December, chief executive Mr Ron Vallance, resigned after disagreement with other board members on strategy.

The share price, meanwhile, slumped *from over* 283p in mid-1987 to just 61p in December - before the recent bid speculation prompted some revival.

Burmah has 29.9% of Premier

By Steven Butler

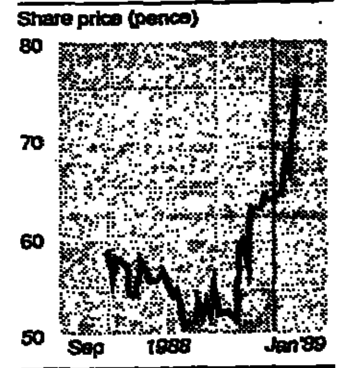
THE SHARE price of Premier Consolidated Oilfields, the independent oil company, rose sharply yesterday after Burmah Oil, the lubricants group, lifted its stake in Premier from 25 per cent to 29.9 per cent, the maximum allowed under takeover code rules without being required to make a general offer to all *shareholders.* The shares closed at 76½p, up 6½p on the day.

Burmah said it bought the shares because it believed they were undervalued and that there was considerable growth potential. Burmah said there was no current intention to bid for Premier and that it had told Premier there was no hostile intention.

Mr Roland Shaw, chairman of Premier said: "They did very courteously discuss it with me ahead of time. We've had a good relationship with them. I have no complaints."

Premier Cons. Oil

Share price (pence)



Premier shares have now *risen* by more than 50 per cent since the company announced a new oil find in the Gulf of Thailand early in December. Premier also holds a 12½ per cent interest in Wytch Farm, the onshore UK oilfield, where a significant offshore *extention* to the reservoir has recently been discovered.

Mr Shaw said that Burmah, which holds two seats on the Premier board, had no access to inside knowledge about the Thai oil discovery, which Mr Shaw has said could have a significant impact on Premier's total reserve position.

Burmah acquired its initial 25 per cent stake in Premier in *1986 as part of a share for* assets swap, in which Premier took over Burmah's oil exploration and production interests. The value of Burmah's investment in Premier has risen by about 400 per cent since then.

Hint of scepticism at Siemens

By Haig Simonian in Frankfurt

MR KARLHEINZ KASKE, *Siemens' chief* executive, and Mr Karl-Hermann Baumann, finance director of the West German industrial conglomerate, met yesterday to examine the fine print of the GEC-GE co-operation deal announced in London.

After lengthy reflection, Siemens said the agreement would not affect its joint bid with GEC for Plessey. It would substantially reduce the chances of a successful bid for GEC itself, Siemens said, although an attempt could still not be ruled out.

Siemens emphasised that Lord Weinstock, GEC managing *director, had informed* it in advance of his plan to negotiate with GE as a tactic to break up the consortium. Siemens "knew and approved" of what was going on.

On the surface, all still appears to be on course in the joint bid for Plessey, with Siemens unshaken after a difficult week. Siemens repeated its commitment to the Plessey bid and to work together with GEC. But despite the denials, an element of doubt may have crept in on the German side.

It is interesting to compare Siemens' official reaction to this week's events. While Thursday's referral of the Plessey bid to the Monopolies Commission was swiftly followed by an announcment *repeating its commitment to* the bid, Siemens appeared to have been caught badly off balance yesterday afternoon by the news from London.

Some observers think surprise is becoming quite a feature of the GEC-Siemens relationship, despite their partnership in bidding for Plessey.

Thus Siemens may well have been kept in the dark before Christmas when GEC announced its plan to merge its heavy engineering business with Althsom of France. More recently, questions asked about the possibility of Siemens as a possible bidder for GEC in the event of a break-up may have also soured the atmosphere somewhat.

Officially, Siemens strongly denies any suggestion that some doubt has crept into its *attitude to GEC. Below the* surface, things may be less clear, with hints of a more sceptical attitude on the German side born by the Althsom deal late last year, nurtured by the planned GEC break up, and possibly fed by yesterday's news.

Warm comments but frozen stock price on Wall Street

By Roderick Oram, in New York

WALL STREET welcomed the GE-GEC deal with warm comments and a frozen stock price, reflecting a widespread feeling among analysts and investors that the logic was sound but the pay-off distant and minor relative to GE's overall earnings.

"It's friendly, it fits, it adds to earnings within a year and meets GE's strategic goals," said one analyst. GE under the chairmanship of Mr Jack Welch has focused on those *businesses in which it could* be number one or two globally.

"It's a pretty good entreé *into Europe" in domestic appli*ances, the analyst added, while the three other parts of the *deal* will strengthen GE's position in medical electronics, electrical switchgear and power generation.

Analysts were also pleased that GE had allied itself with GEC's management rather than join a consortium of bidders that would have to wage a long and bitter fight for bits of GEC.

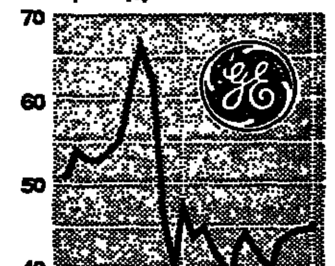
Whether £325m was reasonable key money for a door into *Europe was harder for analysts* to assess. But it is not a sum to strain the finances of a company *which was sitting on* $1.4bn of cash at the end of the third quarter.

"They are paying not so much for what they're getting now," added another analyst, "but for their entreé into the markets and for what they can do down the road."

Wall Street has had to learn in the past few years to take a longer view of GE's acquisitions. Whereas its 1986 purchase of RCA, electronics and broadcast group, was an instant success financially and *strategically, subsequent take*overs have been smaller, piecemeal and slow bloomers.

General Electric

Share price ($)



Last year GE's purchases included Roper, domestic appliance maker, Borg Warner's plastics operations and Montgomery Ward's credit division. All three fitted GE's strategy but their pay-off will be longer term, resulting in a somewhat cooler reception in the market.

Mr Welch assured any sceptical analysts at a New York meeting last month that GE was much more optimistic *about those purchases than* they were, based on information it had about the *operations which the analysts* lacked.

This view of takeovers coupled with only a moderate growth in GE's earnings last year resulted in its stock price under-performing the market in a rare display of sluggishness that disappointed management and shareholders.

Wall Street will give GE's management some time to develop its new European strategy. But investors *could* turn restive if big tasks such as turning Hotpoint into a power *in the appliance market prove* to be large consumers of GE's time, energy and money.

Interest rise fails to slow MFI

By Maggie Urry

THE RISE in interest rates is having no effect on sales of MFI Furniture Group, the unquoted manufacturer and retailer of kitchen, bathroom, bedroom and lounge furniture.

Reporting a 56.2 per cent *increase in interim operating* profits, Mr Derek Hunt, chairman and chief executive, said that the latest trading figures he had – up to last Saturday night – showed "there is nothing to say the trend has changed". This is in marked contrast to the warnings from other retailers of tougher trading conditions.

Mr Hunt said demand for furniture had been good in 1988, and that the group was helped because much of the competition was weak. "If we can't make progress in this market place we never will," he said. Mr John O'Connell, managing director, added, "we are fortunate in that some of our competitors have a tremen*dous ability to shoot them*selves in the foot."

MFI reported a 25.9 per cent increase in sales in the 28 weeks to November 12 to £303.2m. Operating profits were £48.9m (31.2m). The group was formed by a £715m management buy-out from Asda-MFI in November 1987. Asda, the food retailer, retains a 25 per cent stake.

Derek Hunt - good demand for furniture

Mr Hunt said he did not expect to maintain the rate of sales growth in the second half, if only because it would compare with a particularly strong trading period last year.

He was confident that if the *Chancellor's measures began* to affect sales the group would be able to increase its market *share, and could also slow its* expansion plans and implement some cost-cutting.

The figures did not include any benefit from Schreiber, the furniture manufacturer acquired last November for £35m. This purchase would help broaden the group's customer profile, Mr *Hunt* said.

After an interest charge of £25.5m on the group's high level of debt taken on at the time of the buy-out, and related company income of £1.2m, pre-tax and *profit sharing* profits were £24.6m. The figures are not comparable with the previous year because of the changes in the group's capital structure. Mr John Randall, finance director, said 70 per cent of the group's debt was at fixed rates of interest, significantly below current rates.

Mr Hunt put the improvement in profits down to the benefits of extra volume both through the stores and the Hygena manufacturing business. Sales per square *foot* were running at £59.11p compared to £48.15p. Around 56 per cent of group sales were of goods made within the group, and this will increase following *the Schreiber deal.*

Store openings, extensions and relocations had added *200,000 sq ft of sales area in the* first half, taking the total to 5.2m sq ft. By the April year end another 300,000 sq ft will be added, and in the next financial year around 800,000 could be brought on.

See Lex

Lazard unfazed by European link

By Clay Harris

LAZARD BROTHERS, the merchant bank trying to put together a takeover bid for GEC, claimed yesterday to be unfazed by the wide-ranging European co-operation unveiled by its intended target and General Electric of the US.

Mr Nicholas Jones, a managing director of Lazard, sig*nalled his side's line of attack* by saying: "We have to question whether this latest joint venture maximises value for GEC shareholders."

Lazard said it would continue talks over the weekend in an effort to line up partners for Metsun, the shell company headed by Sir John Cuckney which would be the vehicle for the proposed break-up bid. GE's new link with GEC removes *one prime candidate* from consideration.

"I think it has increased our determination to put something on the table," Mr Jones said. Metsun's proposals would require GEC shareholders to block the GE deal.

Conversely, approval of the GE agreement is likely to spike any immediate prospect of a takeover bid for GEC.

Mr Jones said talks with Mr Jack Welch, GE chairman and chief executive, had continued until Thursday morning, when they broke *down because* Metsun was demanding too high a price for the parts of GEC which the US group wanted to buy.

With GEC, Mr Jones suggested, Mr Welch had "found a softer deal which was probably in his interest."

Metsun, he said, was not looking to create a consortium, buy to sign contracts with various parties which would agree in advance how much they were to pay for parts of GEC. If successful in getting the bid off *the ground, Metsun would* intend to contrast the disposal proceeds under its plan with the benefits to GEC shareholders of the GE joint ventures.

"We're not going to sell anything on the cheap and that's why Jack Welch didn't want to do business with us," Mr Jones said.

So far, Lazard is believed to have won the backing only of Plessey, the electronics group which the merchant bank was defending against the now-lapsed £1.7bn takeover bid from GEC Siemens, and Thomson of France.

Lazard refused to comment on the current state of talks with AT&T, the US telecommunications group. STC, the UK electronics company, remains interested in principle but isunlikely to participate because of the cost of financing the acquisition of *GPT*, the GEC-Plessey telecommunications joint venture.

GEC shares closed 2¼p lower at 215p, and Plessey shares lost 3p to 230p.

Cambrian to canvass over rival plan

CAMBRIAN & General Securities, the UK investment trust which is fighting a £67.9m offer from New York-based Leucadia National Corporation, yesterday confirmed that it still intends to canvass all major shareholders over the rival reorganisation plan which it has devised in conjunction with Mr Lance Lessman, *writes Nikki Tait.*

Leucadia has already said that it will not support this. It *owns 31.23 per cent of the* voting rights and Cambrian concedes that one of the conditions of the alternative proposal - which would take the form of an offer by a new company - is that it is accepted by holders of 90 per cent of Cambrian.

Aside from Leucadia, the US Securities and Exchange Commission holds a major stake - *23 per cent of the voting rights.* Cambrian says the SEC's reaction to its proposals has not yet been determined.

The trust adds that a further announcement will be made by Thursday next. This is the day before the next closing date for the Leucadia offer, January 20.

Caparo rules out acceptance of £83m hostile bid from Wardle

By Clare Pearson

CAPARO GROUP, a vehicle of Caparo Industries and the biggest shareholder, with 10.9 per cent, in Armstrong Equipment, has ruled out acceptance of the £83m hostile bid from Wardle Storeys, plastic products and security equipment company.

The announcement was made by Armstrong, industrial fasteners and motor components *group, as* the two sides exchanged further shots ahead of the final close of the bid next Wednesday.

Mr Swraj Paul, *chairman of* engineering group Caparo, said: "We have always regarded Wardle's offer as too low and nothing that has been said during the offer has led us to change our minds."

Mr Brian Taylor, chief executive of Wardle, denied the news was a *setback. He said he had* not expected Caparo to accept at the price he was offering; he believed Mr Paul harboured a *target* in his mind of 180p per share.

In documents posted yesterday, Armstrong contended that Wardle's offer failed to recognise the dramatic profit-recovery implied by the company's forecast of £8.5m pre-tax profits in the current year. On Wardle's own basis, this *implied a 2½ times increase in* the second half, it said.

In its document, Wardle stressed that its offer valued the company on a prospective p/e of 13.2, almost double the rating of UK companies in the motor components sector. It advised shareholders to consider the annual rate of profitability at Armstrong given this fact. Wardle last reported that it owned, through an associate, about 2.7 per cent of the shares and had received valid acceptances in respect of about 1.3 per cent. *Its hope now is that* Armstrong's institutional shareholders, which have perhaps *been holding out in the* hope of a white knight, will accept in a last minute rush.

The shares, valued *at* 155.5p under the shares and cash offer, closed at 138p.

Tarmac selling parts of Ruberoid

Tarmac, construction and building materials group, is planning *to sell off parts of* Ruberoid, the roofing materials company which it acquired last November, *writes John Thornhill.*

There are three companies *up for sale, forming* the bulk of the paper, plastics and resins divisions. Tarmac said the *companies* would be sold because they do not fit in with the group's long-term strategy.

Proceeds of the sale would be invested in Tarmac's main stream industrial products divisions. Initial offers for the companies are being considered.

Largest of the companies is Norwich Corrugated Board which serves the packaging industry. It made a profit of £3m on a turnover of £26.8m in 1987, and employs 164 people.

The other companies are Ruberoid Paper and Corruplast. Ruberoid Paper incurred a loss of £100,000 on turnover of £9.4m in 1987, while Corruplast made a profit of £300,000 on sales of £3.7m in the same period.

Polly Peck in £2.7m US purchase

By Vanessa Houlder

Polly Peck International, agriculture, electronics and textiles group, is strengthening *the marketing operations of its* fresh produce division through a $4.7m (£2.7m) acquisition of the California-based Mendelson-Zeller Company.

The move is in line with the company's ambitions for the vertical integration of its agriculture business.

The deal, announced yesterday, provides Polly Peck's food division with its first foothold on the west coast of the US.

The purchase follows the acquisition last year of Prevor Marketing, a New York-based *international fruit and* vegetable wholesaler.

Mendelson-Zeller, which sells a wide range of Californian and imported produce throughout the US and Far East, has been sold by the US-based Campbell Soup Company. It had turnover of $31m for the five months to December 31, at which *time it* had net tangible assets of $4.3m.

Bond confirms bid statement

By Ray Bashford

BOND CORPORATION yesterday issued a qualified confirmation of a statement by Mr Alan Bond, the chairman, that he had "no current plans" *to take over Lonrho,* the London-based international trading group.

The statement was released as Lonrho prepared to launch another attack on Bond's financial position. In a report prepared in-house, Lonrho claims that Bond Corporation will announce a profit of A$406m (£200m) for the December half "whereas in reality on recognised international accounting standards losses are estimated at A$113m."

The 18-page report focuses on Bond's current trading position and claims that its financial position continues to deteriorate as additional borrowings have been made.

These allegations follow claims last November – made as Bond built its 21.4 per cent holding – that the Bond group was "technically insolvent".

Bond Corporation confirmed Mr Bond's comments, made on Thursday in Sydney, after the Takeover Panel requested discussions with Samuel Montagu, Bond's London merchant *bank adviser and Mr John* Richardson, Bond's senior European executive. Bond said that although it did not intend to bid for Lonrho "at the present time" it reserved the right to make an offer if another party was to bid or if there was a "material change" in Lonrho.

Ahead of the release of the Lonrho document, Bond also repeated its "concern as Lonrho's *largest shareholder*" about the cost of producing and distributing reports which attack the company.

Gt Western Res back sharply to black with $11.8m

By David Waller

GREAT WESTERN Resources, US-based resources group listed in London, yesterday announced pre-tax profits of $11.8m (£6.66m) for the year to the end of September, including a *foreign* currency gain of $4.3m.

This compares to a loss of *$36.7m in 1987 which* arose mainly because of a $48m write-down on the company's *oil and gas interests. Stripping* out both the write-off in 1987 and the currency gain in 1988, pre-tax profits rose from $4.3m to $5.57m on revenues up from $106.44m to $144.38m.

Mr Dan Pena, chairman, said that the figures reflected the stability and growth which came to the company after its acquisition of Bow Valley's coal interests in late 1986. Coal revenues *last* year rose from $87.62m to $97.89m and average daily shipments rose by 5 per cent.

Mr Pena predicted a good year for both coal and oil and gas activities. The latter were set to be boosted by the company's participation in three "very promising" oil wells in the Gulf of Mexico: Gulf Western has made seven strikes in seven wells.

Fully diluted earnings on the A shares were $0.12 – *a turn*round from a loss of $1.49. The final dividend is to be 3p and 3.45p gross *for the* A and B shares, making a total for the year of 5p and 6.45p.

● COMMENT

Despite Mr Pena's entrepreneurial *management, this* stock has little more than curiosity value for UK investors. This is for three reasons. Firstly, the company's mix of oil and gas and coal operations makes it difficult to value by any conventional measure. Secondly, the share structure – whereby B shareholders get a higher dividend but no vote – is unappealing, especially since the B shares yield only 5 per cent, less than British Gas. Thirdly, the Kuwait Investment Office holds 85 per cent of the capital and 14 per cent of the votes: what would happen if it wanted to sell? The 5p gain in the A shares yesterday, to 106p, means very little in an almost totally *illiquid* market. The shares do not reflect the company's good cash flow and prospects in *the Gulf of Mexico* – but are unlikely to do so until the share capital is reorganised.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Hong Kong unemployment statistics. Annual meeting of the American Association for the Advancement of Science in San Francisco (until January 19).

TOMORROW: National savings monthly progress report (December). Central American presidents meet to discuss region's peace prospects (until January 17).

MONDAY: CBI/FT survey of distributive trades (December). Retail sales (December-provisional). European Community economic and finance council meets in Brussels. A special meeting of the GATT anti-dumping committee at which Sweden will ask for the setting up of a disputes panel. European Community agriculture council meets in Brussels (until January 17). House of Lords returns from Christmas recess. Mr Kenneth Baker, Education Secretary, to address committee of directors of Polytechnics conference at the Barbican.

TUESDAY: US business inventories (November). Ad hoc committee on chemical weapons meets in Geneva before the UN disarmament conference (until February 3). Monopolies and Mergers Commission publishes first annual report.

WEDNESDAY: Public sector borrowing requirement (December). US advance merchandise trade figures (November). Japanese merchandise trade (December). Mr Francois Mitterand, French Prime Minister, starts two-day visit to Bulgaria.

THURSDAY: Provisional figures of vehicle production (December). Index of output of the production industries (November). Labour statistics: unemployment and unfilled vacancies (December-provisional); average earnings indices (November-provisional), employment, hours, productivity and unit wage costs; industrial disputes. Institutional investment (third quarter). US real earnings (November), cost price index (December), housing starts and building permits. Start of inquiry into Piper Alpha disaster. Confederation of British Industry makes statement on the economic priorities for 1989 at Centre Point, London. Social trends 1989 published. Trusthouse Forte results.

FRIDAY: Tax and price index (December). Retail prices index (December). Cyclical indicators for the UK economy (December). London and Scottish banks monthly statement (December). Provisional estimates of monetary aggregates (December). Preliminary estimates of consumers' expenditure (fourth quarter provisional). Presidential inauguration in the US. Elections in Key Indian states.

BANK RETURN

BANKING DEPARTMENT	Wednesday January 11, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	93,838,231	-	374,037
Bankers Deposits	1,312,655,559	+	8,031,717
Reserve and other Accounts	1,728,683,353	-	51,883,916
	3,149,730,143	-	44,226,236
ASSETS			
Government Securities	892,507,401	+	39,165,000
Advance and other Accounts	601,517,394	-	292,880,467
Premises Equipment & other Secs	1,646,485,616	+	212,052,578
Notes	8,896,624	-	2,604,016
Coin	323,108	+	40,669
	3,149,730,143	-	44,226,236
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,441,103,376	-	677,395,984
Notes in Banking Department	8,896,624	-	2,604,016
	14,450,000,000	-	680,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,131,596,521	-	647,098,004
Other Securities	7,307,388,379	-	32,901,996
	14,450,000,000	-	680,000,000

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988/89 High	1988/89 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
-	F.P.	-	84	55	BTR Warrants	81			-	-	-
¶	F.P.	-	166	154	Bardon Group 10p	154	-3	2.5	2.4	2.2	25.3
82	F.P.	-	74	68	Betacom 10p	72		b2.6	2.0	4.8	9.7
125	60p	20/2	66¼	58¼	British Steel 50p	65¼	-¼	R7.5	2.7	7.7	5.3
245	F.P.	25/1	274	243	Compass Group 5p	274	+3	R7.2	2.7	3.5	14.1
§154	F.P.	13/1	162	141	Dawsongroup	162		R4.75	2.6	3.9	11.7
§84	F.P.	-	95	84	‡EW Fact 5p	88		L3.0	2.3	4.5	9.2
§190	F.P.	13/1	190	182	‡Embassy Property 10p	187		L6.0	1.4	4.3	11.9
§85	F.P.	-	152	85	*Haemocell 1p	140	-1		-	-	-
§120	F.P.	-	120	106	‡Planning Resch. & Sys10p	108		R3.5	2.8	4.3	9.5
§117	F.P.	-	118	110	‡Sandell Group 10p	118		L4.4	1.8	5.0	11.6
§140	F.P.	30/1	168	141	Secure Trust 1p	168	+9	W7.09	2.3	5.6	10.3
§95	F.P.	-	98	93	‡Westare Plant 5p	98		L3.25	1.5	4.4	12.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	96p	85p	AMEC New 6½p (Net) Cm Cr Rd Pf 50p	90p	
100p	F.P.	-	105p	103p	‡Apollo Metals 8p(Net) Cm Rd Pf 10p	103p	
100p	F.P.	-	100¾p	98½p	Arlington Sec. 9¼pc Cm. Rd. Pf. 2008	100p	+½
100p	F.P.	-	111p	106p	Bardon Grp 5p(Net) Cv Cm Rd Pf 10p	108p	
100p	F.P.	-	100p	97p	Beauford Grp 7p(Net) Cm Cv Rd Pf 10p	99p	
100.3p	F.P.	-	101p	94p	Blackwood Hodge 9pc Cm. Pf. £1	97p	
100	F.P.	-	104	100	Cable & Wireless 7pc Cv Un Ln 2008	103	+1
§100p	F.P.	-	100½p	98¼p	Church (C) Dev. 9.375pc Cm Rd Pf £1	100½p	+½
100p	F.P.	9/1	102p	100p	‡Cityvision 8.5pc Cv Cm. Rd. Pf.	102p	
100p	F.P.	-	91p	87p	Iceland Frozen Foods Cv Cm Rd Pf 20p	91p	+1
§100p	F.P.	24/1	100¾p	93p	Jessups 7.3p(Net) Cv Cm Rd Pf 50p	98p	+5
100p	F.P.	-	66p	54p	Kelt Energy 6pc(Net) Cv Cm Rd Pf £1	65p	+2
100p	F.P.	-	96p	86p	Leisure Inns 7pc Cm Cv Rd Pf(1988) £1	90p	+1
100p	F.P.	-	98p	89p	Mecca Leisure Grp. 7.25p Cv Pf 20p	97p	+3
§100	F.P.	-	100	99⅝	N'wide Anglia 12⅞pc 2.6.90	99⅝	
§100p	F.P.	-	96p	90p	Peckfield Grp 9pc(Net)Rd Pf '10/13 £1	93p	+1
§100p	F.P.	-	100p	88p	Rockware Grp 7¼pc Cv Cm Rd 2nd Pf	96p	-1
†100p	F.P.	-	85p	80p	‡Thorpac 8p Cv Rd Ptg Pf '01-'05 50p	85p	
100p	F.P.	-	104p	93p	Williams Hldgs 8p (Net) Cv Rd Pf 10p	98p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -
93	Nil	21/2	13pm	1¼pm	‡BLP Group 10p	1¼pm	
20	Nil	2/3	3pm	3pm	Dinkie Heel 5p	3pm	
25	Nil	9/2	4pm	¼pm	Moulton Group 20p	1pm	+¼
300	Nil	13/1	1¾pm	¼pm	Peel Hldgs.	1¼pm	
48	Nil	16/2	10pm	6½pm	Realicat Int'l 5p	9½pm	
118	Nil	22/2	13pm	4pm	Richards 10p	6pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. p Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ‡ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Jan 9
- Last Dealings Jan 20
- Last Declarations Apr 13
- For settlement Apr 24

For rate indications see end of London Share Service

Calls in Vaux, Dunton, Holmes Protection, Premier Consolidated, Expleura, Meat Trade Suppliers, Lonrho, S.W.Resources and Forward Technology. No puts, but a double in Mountleigh.

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
		Feb. 89		May 89		Aug. 89		
GOLD C	$420	210	2.50	-	-	-	-	$406.60
GOLD C	$460	-	-	-	-	50	7	$406.60
GOLD P	$400	82	4	2	8	-	-	$406.60
GOLD P	$420	45	15.50 A	5	16 A	16	17.40	$406.60
		Jan. 89		Feb. 89		Mch. 89		
EOE Index C	Fl. 250	112	15.50 B	27	17	-	-	Fl. 265.78
EOE Index C	Fl. 255	458	11.20	115	13.30	4	14.80	Fl. 265.78
EOE Index C	Fl. 260	1002	6.10	512	9.30	164	11 B	Fl. 265.78
EOE Index C	Fl. 265	869	2.70 A	331	6	18	9	Fl. 265.78
EOE Index C	Fl. 270	276	0.90	667	4.20	33	6	Fl. 265.78
EOE Index P	Fl. 255	3	0.10	686	2	4	3.40	Fl. 265.78
EOE Index P	Fl. 260	294	0.40	477	3	241	5.20	Fl. 265.78
EOE Index P	Fl. 265	188	1.70 B	264	5	77	7.10	Fl. 265.78
EOE Index P	Fl. 270	277	4.50	2	7.60 B	-	-	Fl. 265.78
		Feb. 89		May 89		Aug. 89		
OBL Index C	Fl. 95	40	4	-	-	-	-	Fl. 99.21
OBL Index C	Fl. 100	10	0.10	-	-	750	0.50	Fl. 99.21
		Jan. 89		Feb. 89		Mch. 89		
$/Fl C	Fl. 200	7	6.60	32	7.50	56	7.90	Fl. 206.38
$/Fl C	Fl. 205	147	2.40	157	3.50	94	4.30	Fl. 206.38
$/Fl C	Fl. 210	-	-	48	1.60	106	2.30	Fl. 206.38
$/Fl P	Fl. 200	-	-	33	0.90	46	1.90	Fl. 206.38
$/Fl P	Fl. 205	7	0.70	55	2.30	30	3.50 B	Fl. 206.38
		Jan. 89		Apr. 89		Jul. 89		
ABN C	Fl. 45	315	0.30	391	1.80	595	2.20	Fl. 44.40
ABN P	Fl. 45	49	0.90	55	2 B	507	2.80	Fl. 44.40
AEGON C	Fl. 95	69	0.50	320	3.50	49	4.70	Fl. 93.10
AEGON P	Fl. 90	13	0.20	31	2.10	-	-	Fl. 93.10
AHOLD C	Fl. 85	123	5.50	35	8.40	-	-	Fl. 90.60
AKZO C	Fl. 150	1126	1.80	593	9	126	10	Fl. 150.40
AKZO P	Fl. 150	278	1	378	5.30	46	9 B	Fl. 150.40
AMEV C	Fl. 55	215	2.80	93	4.50 B	4	5.30	Fl. 57.60
AMEV P	Fl. 55	-	-	40	1.60	7	3 B	Fl. 57.60
AMRO C	Fl. 80	200	1.90	129	4.40 A	10	5.20	Fl. 81.50
AMRO P	Fl. 75	-	-	60	1.20	-	-	Fl. 81.50
BUHRMANN-T C	Fl. 60	924	2	657	4.40	144	4.80	Fl. 61.40
BUHRMANN-T P	Fl. 65	-	-	126	5.30	151	6.50	Fl. 61.40
ELSEVIER C	Fl. 65	334	1.20	68	3.20	137	3.50	Fl. 65.80
ELSEVIER P	Fl. 60	34	0.10	3	1	1	1.90	Fl. 65.80
GIST-BROC. C	Fl. 40	325	0.40	217	2.30	152	3	Fl. 38.40
GIST-BROC. P	Fl. 40	107	1.60	108	3	243	4.20	Fl. 38.40
HEINEKEN C	Fl. 150	397	2.20	565	6.90	15	8.20	Fl. 150
HEINEKEN P	Fl. 150	13	2	41	5.20	10	8.20	Fl. 150
HOOGOVENS C	Fl. 80	188	0.20	837	3.70	33	5.50 A	Fl. 76
HOOGOVENS P	Fl. 75	56	0.80 A	285	3.90	5	6 B	Fl. 76
KLM C	Fl. 40	507	2.90	195	4.50	47	5.80	Fl. 43
KLM P	Fl. 40	2	0.10	107	1	44	1.70	Fl. 43
KNP C	Fl. 47.50	977	1.30 A	285	3	-	-	Fl. 48.20
KNP P	Fl. 45	-	-	101	1.50	-	-	Fl. 48.20
NEDLLOYD C	Fl. 280	486	8	145	22.90	-	-	Fl. 284
NEDLLOYD P	Fl. 250	15	0.10	128	5	2	11	Fl. 284
NAT.NED. C	Fl. 70	325	0.60	503	2.90	248	3.50	Fl. 69.3
NAT.NED. P	Fl. 70	57	1.30	38	2.60	100	4	Fl. 69.30
PHILIPS C	Fl. 35	2710	2	1872	3.40	449	3.60	Fl. 36.90
PHILIPS P	Fl. 35	251	0.10	615	1.30	20	1.90 A	Fl. 36.90
ROYAL DUTCH C	Fl. 240	5177	3.60	1593	10.20	219	12.20	Fl. 241.50
ROYAL DUTCH P	Fl. 240	479	1.50	880	5.40	50	10	Fl. 241.50
ROBECO C	Fl. 100	33	2	-	-	24	4.90	Fl. 101.90
UNILEVER C	Fl. 120	2110	3.30	482	7.50	238	8.80 A	Fl. 122.90
UNILEVER P	Fl. 120	280	0.30	205	3	515	5.30	Fl. 122.90
VAN OMMEREN C	Fl. 35	340	2.10	125	3.30	140	3.80	Fl. 36.90
WESSANEN C	Fl. 80	68	4	12	6.10	-	-	Fl. 83.90

TOTAL VOLUME IN CONTRACTS : 82,917

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	City Merchants Bank	13	NatWestminster	13
Adam & Company	13	Clydesdale Bank	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Comm. Bk. N. East	13	Norwich Gen. Trust	13
Allied Irish Bank	13	Co-operative Bank	*13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Coutts & Co	13	Provincial Bank PLC	14
ANZ Banking Group	13	Cyprus Popular Bk	13	R. Raphael & Sons	13
Associates Cap Corp	12	Dunbar Bank PLC	13	Roxburghe G'rantee	13½
Authority Bank	13	Duncan Lawrie	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Equatorial Bank plc	13	Royal Trust Bank	13
Bank of Baroda	13	Exeter Trust Ltd	13½	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	Financial & Gen. Bank	13	Standard Chartered	13
Bank Hapoalim	13	First National Bank Plc.	14	TSB	13
Bank Credit & Comm	13	● Robert Fleming & Co.	13	United Bk of Kuwait	13
Bank of Cyprus	13	Robert Fraser & Ptnrs.	13½	United Mizrahi Bank	13
Bank of Ireland	13	Girobank	13	Unity Trust Bank Plc	13
Bank of India	13	● Guinness Mahon	13	Western Trust	13
Bank of Scotland	13	HFC Bank plc	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	● Hambros Bank	13	Whiteaway Laidlaw	13½
Barclays Bank	13	Heritable & Gen Inv Bak.	13	Yorkshire Bank	13
Benchmark Bank PLC	13	● Hill Samuel	§13		
Berliner Bank AG	13	C. Hoare & Co.	13		
Brit Bk of Mid East	13	Hongkong & Shangh	13		
● Brown Shipley	13	● Leopold Joseph & Sons	13		
Business Mtge Tst	13½	Lloyds Bank	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Meghraj Bank Ltd	13		
● Charterhouse Bank	13	Midland Bank	13		
Citibank NA	13	Mortgage Express Ltd.	‡13.95		
		Mount Banking Corp.	13		
		Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 13 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Jan 12 Index No.	Wed Jan 11 Index No.	Tue Jan 10 Index No.	Year ago (approx) Index No.	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (209)	822.52	+0.5	11.38	4.33	10.77	0.00	818.76	809.72	808.75	743.69	830.49 1/11/88	786.80 8/2/88	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (28)	1000.64	+0.4	12.73	4.55	9.67	0.00	996.85	982.44	969.70	982.49	1058.10 5/8/88	900.82 9/12/88	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (39)	1553.60	+0.7	12.76	3.93	10.22	0.00	1543.01	1529.78	1515.23	1425.97	1627.40 11/10/88	1385.83 4/1/88	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2421.38	+0.5	8.94	4.66	13.49	0.00	2408.41	2379.69	2379.68	2040.27	2448.04 23/11/88	1946.87 6/4/88	2733.45 20/7/87	84.71 25/6/62
5	Electronics (30)	1904.59	—	9.85	3.43	13.14	0.00	1905.61	1878.04	1896.87	1530.44	1909.41 9/1/89	1423.66 9/2/88	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (55)	433.25	+1.1	10.99	4.33	11.07	0.00	428.67	425.81	424.67	386.79	437.20 8/8/88	367.20 8/2/88	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	470.75	—	16.43	6.27	6.88	0.00	470.79	464.38	464.72	455.15	516.28 8/11/88	424.40 19/2/88	596.67 9/10/87	49.65 6/1/75
9	Motors (17)	269.56	+0.8	12.12	4.91	9.56	0.00	267.44	265.81	266.72	281.80	295.13 10/3/88	254.89 12/12/88	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1378.69	+0.5	9.93	4.54	11.94	0.00	1371.99	1363.58	1359.33	1254.77	1397.10 1/11/88	1191.81 8/2/88	1736.88 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (187)	1060.00	+0.9	9.75	3.95	12.85	0.00	1050.68	1042.54	1046.55	1043.30	1118.61 8/8/88	989.31 14/12/88	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (22)	1166.23	+1.1	10.91	3.87	11.45	0.00	1153.69	1136.10	1135.71	990.34	1166.23 13/1/89	951.87 8/2/88	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (21)	955.46	+0.6	9.67	4.03	12.96	0.00	949.94	947.82	955.20	856.59	1016.66 1/8/88	883.48 6/4/88	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (15)	1859.17	+1.3	9.64	3.74	13.65	0.00	1835.84	1811.45	1827.71	2108.18	2179.42 18/3/88	1723.24 15/12/88	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (13)	1866.46	+0.9	7.19	2.90	15.94	0.00	1850.65	1849.71	1860.31	1806.09	1946.55 19/10/88	1708.33 13/1/88	2699.85 16/7/87	175.38 28/5/80
29	Leisure (32)	1400.58	+1.0	8.35	3.61	15.27	0.00	1386.04	1373.82	1373.96	1176.47	1433.24 8/11/88	1142.19 4/1/88	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (17)	544.08	+0.1	10.25	4.15	12.13	0.00	543.45	539.40	537.49	500.64	565.09 19/10/88	473.11 6/4/88	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3381.60	+0.6	9.15	4.64	13.68	0.00	3360.96	3339.51	3311.66	3468.94	3647.52 8/8/88	3091.72 14/12/88	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	709.33	+1.0	11.93	4.86	11.03	0.00	702.25	695.81	701.56	834.86	859.85 28/1/88	658.79 9/12/88	1160.58 29/7/87	52.63 6/1/75
35	Textiles (15)	480.18	+0.4	14.40	5.90	8.32	0.00	478.13	474.80	476.36	598.52	620.72 27/4/88	432.61 14/12/88	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (91)	930.73	+0.5	11.07	4.62	11.08	0.00	925.68	922.32	921.05	804.12	930.73 13/1/89	834.42 8/2/88	1192.48 8/10/87	58.63 6/1/75
41	Agencies (18)	1100.28	+0.3	8.75	2.60	14.42	0.00	1097.03	1092.47	1098.40	1116.28	1219.02 18/3/88	994.91 12/12/88	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1078.70	+0.3	11.09	4.89	10.13	0.00	1075.73	1069.88	1074.19	1118.82	1121.86 6/1/88	971.71 5/4/88	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (12)	1285.84	+0.8	10.45	5.57	11.25	0.00	1275.63	1272.33	1283.69	1186.22	1294.40 9/1/89	1095.37 4/1/88	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (12)	1956.96	+1.6	10.16	4.26	12.07	0.00	1926.82	1906.27	1909.02	1818.62	1992.59 23/3/88	1718.96 4/1/88	2497.05 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	1030.22	-0.3	11.40	4.56	11.40	0.00	1033.38	1034.31	1021.74	923.91	1034.31 11/1/89	888.24 12/1/88	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (25)	1225.91	+1.5	11.71	4.48	9.71	0.00	1207.92	1200.90	1200.86	1173.31	1281.89 27/10/88	1096.28 19/5/88	1773.70 5/10/87	60.39 6/1/75
49	INDUSTRIAL GROUP (487)	979.22	+0.7	10.57	4.24	11.71	0.00	972.66	965.31	966.29	932.88	998.43 8/8/88	887.00 8/2/88	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (13)	1788.52	+0.1	10.31	6.21	12.40	0.00	1786.48	1760.12	1757.05	1739.16	1881.96 21/6/88	1681.40 9/9/88	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1048.00	+0.6	10.53	4.51	11.80	0.00	1041.79	1032.87	1033.53	1001.22	1070.40 8/8/88	958.79 5/2/88	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (127)	697.86	+0.9	—	5.10	—	0.00	691.51	685.47	683.69	658.74	720.68 14/6/88	630.02 8/2/88	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	695.44	+1.1	20.38	6.29	6.58	0.00	688.18	679.14	678.07	674.88	701.86 20/10/88	610.26 7/4/88	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	968.00	+0.3	—	5.57	—	0.00	965.28	955.57	945.69	975.67	1090.17 1/8/88	906.86 14/12/88	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	545.07	+1.0	—	5.73	—	0.00	539.50	532.14	532.02	514.08	567.92 10/6/88	481.43 8/2/88	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	961.45	—	9.11	6.76	13.72	0.00	961.90	953.22	951.95	914.45	1022.51 27/6/88	823.41 6/4/88	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	327.50	+0.7	—	4.58	—	0.00	325.16	324.60	323.94	353.56	378.23 9/6/88	309.82 13/12/88	547.59 12/10/87	31.21 7/1/75
69	Property (54)	1235.49	+1.0	5.74	2.73	22.22	0.00	1223.04	1223.20	1221.09	993.09	1318.34 23/11/88	975.44 4/1/88	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (32)	354.32	+1.2	9.87	5.65	12.64	0.00	350.16	346.84	344.68	399.09	401.37 22/3/88	340.58 14/12/88	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (76)	965.90	+0.4	—	3.15	—	0.00	962.15	947.89	950.40	836.11	965.90 13/1/89	784.91 4/1/88	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	590.05	+1.2	10.36	3.54	10.76	0.00	582.89	576.84	579.93	453.40	619.62 21/9/88	385.04 8/2/88	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1284.05	+0.7	9.12	4.93	12.71	0.00	1274.57	1292.15	1294.88	1010.68	1447.77 7/11/88	969.88 4/1/88	1447.77 7/11/88	97.37 6/1/75
99	ALL-SHARE INDEX (713)	961.80	+0.7	—	4.55	—	0.00	955.57	947.38	947.66	909.36	978.58 8/8/88	870.19 8/2/88	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 12	Jan 11	Jan 10	Jan 9	Jan 6	Year ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	1862.1	+11.2	1863.2	1853.5	1850.9	1834.1	1836.0	1831.5	1811.3	1786.7	1879.3 22/6/88	1694.5 8/2/88	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jan 13	Day's change %	Thu Jan 12	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.57	+0.07	118.48	—	0.34
2	5-15 years	134.05	+0.11	133.91	—	0.08
3	Over 15 years	146.75	+0.02	146.73	—	0.00
4	Irredeemables	168.88	-0.04	168.96	—	0.00
5	All stocks	131.94	+0.08	131.83	—	0.16
	Index-Linked					
6	5 years	130.15	+0.07	130.06	—	0.00
7	Over 5 years	127.00	-0.36	127.46	—	0.19
8	All stocks	127.05	-0.33	127.46	—	0.17
9	Debentures & Loans	116.11	-0.06	116.18	—	0.24
10	Preference	87.23	+0.19	87.07	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 13	Thu Jan 12	Year ago (approx.)	1988/89 High	1988/89 Low
	British Government						
1	Low	5 years	9.39	9.40	9.01	10.54 14/12/88	8.38 18/4/88
2	Coupons	15 years	9.10	9.10	9.58	9.83 13/1/88	8.90 18/4/88
3		25 years	9.01	9.00	9.37	9.57 13/1/88	8.82 18/4/88
4	Medium	5 years	10.55	10.56	9.65	10.94 14/12/88	8.75 18/4/88
5	Coupons	15 years	9.69	9.69	9.761	10.01 13/1/88	9.12 15/3/88
6		25 years	9.26	9.25	9.60	9.79 13/1/88	8.99 14/3/88
7	High	5 years	10.82	10.81	9.75	11.06 14/12/88	8.84 18/4/88
8	Coupons	15 years	9.83	9.84	9.92	10.16 13/1/88	9.26 15/3/88
9		25 years	9.24	9.16	9.61	9.82 13/1/88	9.03 15/3/88
10	Irredeemables	†	9.00	8.99	9.35	10.09 2/9/88	8.65 18/4/88
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.80	3.80	2.56	3.87 4/1/89	2.09 30/3/88
12	Inflation rate 5%	Over 5 yrs.	3.77	3.74	4.11	4.27 13/1/88	3.53 8/11/88
13	Inflation rate 10%	5 yrs.	2.63	2.62	1.56	3.59 13/1/88	1.09 30/3/88
14	Inflation rate 10%	Over 5 yrs.	3.61	3.58	3.93	4.37 13/1/88	3.37 8/11/88
15	Debs &	5 years	11.60	11.65	11.05	11.82 28/9/88	10.16 24/5/88
16	Loans	15 years	11.28	11.28	11.01	11.41 28/9/88	10.51 19/4/88
17		25 years	10.97	10.95	11.01	11.21 2/9/88	10.51 19/4/88
18	Preference	†	10.30	10.32	10.48	10.84 4/1/88	9.54 22/6/88

‡Opening index 1853.5; 10 am 1862.0; 11 am 1862.4; Noon 1857.5; 1 pm 1858.1; 2 pm 1859.5; 3 pm 1863.0; 4 pm 1860.7; 4.05 pm 1860.8 (a) 2.56pm (b) 9.00am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: Collins (William) "A" (32) has been deleted and replaced by Fuller Smith & Turner "A" (22).

VALUE OF PORTFOLIO RISEN 15 TIMES SINCE 1987

Portrait of Duncan Saville: an investor with water in his veins

By Andrew Hill

WHEN MR Duncan Saville received his first statutory water company stock certificates, he says the broker's commission cost him almost as much as the stock.

Now, 18 months later, Mr Saville – a 32-year-old British citizen, educated in South Africa and based in Australia – is one of the largest and most elusive investors in the UK's private water sector.

He claims brokers and market-makers were amazed when he first phoned from Australia to buy shares, but he now holds stakes in all 28 quoted statutory companies and is still buying. The value of some of his portfolio has risen almost *15 times since 1987.*

Some holdings are small, bought as a means of getting company reports to help his research, but he has also declared substantial investments in at least six companies in the south-east of England, and holds large undisclosed stakes in other UK water companies. All the stock is held by the Associated Insurance Pension Fund, an offshore investment vehicle, registered on Cook Island, Australia.

Duncan Saville:clearly enjoys the challenge of the unknown.

Mr Saville was in London this week for discussions with his joint venture partner, Southern Water Authority, which has controversial stakes in three companies in its area of supply. Southern and AIPF are considering launching bids, to counter agreed offers from two large French water suppliers. Not unnaturally, the French, and probably the Government, are beginning to ask who Mr Saville really is.

A qualified accountant, and, at different times, a financial consultant, a merchant banker, and general manager of Sir Ron Brierley's Hong Kong-based investment subsidiary, IEP, Mr Saville now describes himself as an investor.

"My strength is in looking at things that other people find too hard," he says, admitting that he is not interested in managing water companies.

"I'm a long-term investor. If I *want to make* money *I can* do it in options or arbitrage. Water is one of the big growth areas for the 1990s, with the added advantage of being a community service, but it's still a high-risk investment."

He views the prospect of becoming part-owner of a UK water company with equanimity, but says counter-bids are not the only option for Southern and AIPF.

If it is clear that the French bids are going to fail without *intervention* then a bid *may* not be necessary to preserve the companies' independence, he says. From Mr Saville's long perspective, co-operation between water authorities and the local companies seems the only logical route, and he favours the possibility of small companies clubbing together, as some have already tried to do.

In the shorter term, it looked *for a moment as though this* week's confused Government statement on merger policy in the water industry would thwart authority bids. Subsequent clarification seems to have left Southern and AIPF with an opening.

Mr Saville could not comment this week, but he and Southern are under pressure from French suppliers, who accuse them of delaying tactics, and the Takeover Panel.

A *definite statement of* intent should come early next week, but to a pure investor like Duncan Saville, who flies back to Australia today, the outcome may be academic. From the springboard of his investment in these stock market backwaters, he already has his eye fixed on the investment mainstream: a stake in the privatised water authorities.

DoE adds to water confusion

By Andrew Hill

THE DEPARTMENT of the Environment yesterday added to the confusion in the water industry when it admitted it had accidentally issued conflicting advice, while trying to clarify the change in Government policy on water company mergers. The DoE's final word yesterday was that any future bids for water companies with assets valued at more than £30m would be automatically referred to the Monopolies and Mergers Commission.

The Government statement still seems to leave open the possibility of a counter-bid by Southern Water Authority and its joint venture partner, Associated Insurance Pension Fund, for four water companies in its area of supply, all of which have fixed assets of less than £30m.

There are 12 water companies with fixed assets worth more than £30m, according to the Water Companies Association, and 17 smaller unprotected water companies.

Yesterday, two French water suppliers won bids for UK water companies in the wake of the Government statement. Lyonnaise des Eaux declared unconditional its increased £39.1m bid for Newcastle and Gateshead Water Company, with about 57.5 per cent of the voting capital committed to the offer, while Compagnie Générale des Eaux has clinched 59.1 per cent of Tendring Hundred's voting capital.

Rover drives four-wheel across the US

Roderick Oram on the UK group's efforts to further exploit a profitable niche

Executives at Range Rover of North America *(RRNA) have a knack* for finding just the right parking spots, whether in fashionable New York streets or crowded car markets.

They pulled up recently outside the Westbury, a luxurious Madison Avenue hotel flanked by designer shops. This is Range Rover's city terrain, a neighbourhood where doormen give a knowing smile but expect a big tip for opening doors of the $39,000 car.

How to build on their successful US launch of the British vehicle less than two years ago was the subject of management's hotel meeting with their dealer council. By clever marketing to exploit the car's cachet and well-developed qualities, the US subsidiary of *the UK's Rover Group (itself* now a part of British Aerospace) has created a profitable niche. No other manufacturer yet offers a four-wheel drive "luxury sports utility" model.

Range Rover's success shines all the more brightly when set against the dismal failure of Rover Group's cars subsidiary to establish a viable foothold for its Sterling executive car.

While European up-market car makers have suffered as a *group a US sales drop of some* 20 per cent this year, Range Rover parlayed its strengths into sales of 3,427 cars last year, according to figures released this week (January 10)). Although this was up from 2,586 in 1987, other than showing a general upward trend, comparisons are imprecise. A UK production strike curtailed sales last year, while sales the previous year began only in March.

By contrast sales of Sterling, *the top-of-the-line Rover 800* model launched in the US in February 1987, dropped by 37.7 per cent in 1988 to 8,822 from 14,171 in the first 11 months of 1987 and Rover is facing a costly relaunch in February backed by the introduction of a more powerful Honda engine and the introduction of the 800 Fastback.

Last year Sterling came second to bottom – only Yugo, the Yugoslavian importer, came off worse – in an important independent US customer satisfaction rating, and it has been left with bloated inventories in the US.

The game plan of Mr Charles Hughes, *president of Range* Rover of North America, is slow but steady growth. "We want to see solid advancement of our position," he said after the meeting with dealers.

Mr Hughes might be denied a chance, though, to enjoy such a well-ordered and comfortable life if Rover Group, his UK boss, or his competition change their tacks. Impressed by RRNA's marketing success, Rover Group could give it the difficult job of breathing life

into the Sterling.

This uphill task has been in the hands for the last few months of Mr Chris Woodwark, formerly commercial director of Rover Group's cars subsidiary in the UK, who was drafted into the US last year to try to arrest the decline at Miami-based Arcona, Austin Rover Cars of North America.

As part of another Rover management shake-up Mr Woodwark is now being *brought back to the UK, and* Arcona is to be headed up by Mr Graham Morris, currently managing director of Freight Rover, the UK-based van maker and a subsidiary of DAF, the Dutch truck maker.

Sterling's enthusiastic reception by press and public was squandered in a series of marketing misfires, quality problems and management difficulties.

Whereas Range Rover can justify confining itself to a small but profitable volume as a sign of its rarity value, Sterling sales need to increase several-fold before it can claim a durable position in the highly *competitive market for luxury* European cars.

The two cars need separate organisations because of their dissimilar attributes and customer profiles and, consequently, different marketing techniques to sell them, said Mr Hughes, an American with a long career in importing European cars. Recognition of the incompatability lay behind Rover's original decision a few years ago to set up separate US importers, he added.

One of the UK chief supporters of the separate approach, Mr Tony Gilroy, resigned late last year as managing director of Land Rover, the Rover Group subsidiary manufacturing Range Rovers. US officials of of both Range Rover and Sterling said there was no talk of changing US operations.

Yesterday Rover Group announced that it was reorganising the Austin Rover cars and Land Rover businesses in *the UK into a single management* structure – although commercial activities such as sales and marketing would be kept separate – and in the US Rover's competitors question the company's logic in spending heavily to establish Sterling, a new and unknown name. The car could be better differentiated from the pack by being called a Rover and identified with the qualities admired in the Range Rover.

The threat of competition is another question facing Range Rover. The US market for sports utility vehicles, particularly those with four-wheel drive, grew at around 20 per cent a year 1982-86 before slowing to about 12 per cent last year. It stands now at some 1m vehicles a year.

The three domestic manufacturers and a group of Japanese makers all offer cars and trucks much cheaper than the Range Rover, yet they cannot match its off-road capabilities nor its quiet, luxurious high speed on-road performance, according to the US press.

No competitor could close the gap by tinkering with components or, say, adding a second pair of doors. "If someone was going to take a run at us, they'd have to build an all-round better vehicle," Mr Hughes says. He does not dismiss the competition out of hand. "We're eyed carefully by other manufacturers. *I expect* we'll see more entries."

A key question for all of them is how big is the market Range Rover has created?

Defined by purchaser profile, it would appear very small. The US subsidiary says its typical customer is a married white male in his early 40s with an income of around $200,000 a year. "He's an owner with a wardrobe of vehicles – often with more cars than people in his household," Mr *Roger Ball, RRNA's marketing* director, said at the company's first birthday party this spring.

Sales so far have been underpinned by demand from well-travelled Americans familiar with Range Rover's high social standing in Europe, Mr Hughes says. The real test comes this year in addressing a wider audience. He says he is well prepared with a model incorporating revisions requested by dealers and customers.

The most important changes are a bigger engine *for* quicker on-road performance and a fully automatic differential lock on the transfer gearbox that splits the power between front and back wheels. Many drivers found the previous manual control confusing.

Another plus, Mr Hughes believes, is the effort Range Rover has made to overcome the problems of poor service and parts supply for which British vehicles were once renowned in the US. Parts are stocked at a Caterpillar Tractor depot close to the Memphis, Tennessee, air cargo hub of Federal Express. Dealers anywhere in the country receive parts the morning after ordering.

Even though the Range Rover was introduced in the UK back in 1970, the company still spent four years developing the car for the US market with features such as cruise control and electric seats. Its test drivers are still pounding the vehicle in Arizona's deserts and mountains. Setting up the product and organisation for the US cost $50m.

The company has also taken great care chosing its dealers, Mr Hughes adds. All but one handle cars from other manufacturers on which they have built their local reputations. They are enthusiastic promoters of the Range Rover with many offering, for example, off-road driving schools for buyers. The network should grow by 10 or 12 this year.

Above all, though, the car has caught the US public's eye through creative marketing.

Playing on Ranger Rover's identification with upper class sports in Britain, the US arm sponsors a number of appropriateactivities in the US such as equestrian events and clay pigeon shooting. It also artfully ensures the Range Rover appears in flattering situations such as a lavish spread on tailgate parties in Gourmet magazine.

The US company wants to keep its sales small to preserve its cachet. Actually it could not get many more cars from the factory even if it wanted them. Despite doubling Range Rover output over the past three years to 600 cars a week, Land Rover cannot keep up with demand so it rations them to preserve geographic balance between its markets.

Thus, RRNA may be creating a far larger and more lucrative market than it can satisfy. Its US sales are less than the rounding error in the tallies of Detroit's manufacturers. Though any new US product might fall somewhat short on quality, it could substantially undercut Range Rover on price and begin to erode its cosy and profitable niche.

Additional reporting by Kevin Done, Motor Industry Correspondent, in London.

Shearson to show loss after Texas securities setback

SHEARSON Lehman Hutton, the big Wall Street investment firm majority owned by the American Express financial services group, said yesterday it will report a fourth-quarter loss because of a $70m pre-tax deficit on the securities of a troubled Texas bank, writes James Buchan in New York.

In addition, Shearson said that it had overstated its after-tax profits for the first three quarters by $30m because of a failure to book certain expenses at The Boston Company, which provides financial services to rich private clients.

The announcement, though a little embarrassing to Shearson, made little impact in the market. Shearson's publicly traded stock was quoted at $19⅝ at 1 pm, up $⅛.

Shearson, which reported net income for 1987 of $101m, said yesterday that it was booking the $70m pre-tax charge to recognise the fall in value of two issues of securities from MCorp of Dallas, the last big Texan bank in local ownership, which is technically insolvent.

Shearson, which underwrote the securities at their issue, said it bought the securities back in the market. The issues, which had a face value of $117.5m and $29m, are now valued at $29.4m and $11.6m, including adjustments earlier.

The firm said that most of the $30m after-tax adjustment to The Boston's profits had to do with expenses that had been deferred and revenues booked before they were due. There was no misuse of company or client assets, Shearson said.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$405.75		$481.75	$485.5	$394.75
Silver Per troy oz	333.6		373.65p	457.75p	328.4p
Aluminium 99.7% (cash)	$2385.0	-52.5	$2150	$4205	$1915
Copper Grade A (cash)	£1869.5	-38.0	£1492.5	£2004	£1129.5
Lead(cash)	£386.0	-3.5	£367	£408	£328
Nickel (cash)	$16250	-1500	£4455	$22200	£4022.5
Zinc (cash)	$1688.0	+50.5	£509.5	$1688	$850
Tin (cash)	£4210	+5	£3910	£4540	£3625
Cocoa Futures (May)	£807	-53	£1161	£1182	£722
Coffee Futures (Mar)	£1166	-104	£1232	£1317	£922
Sugar (LDP Raw)	$247.2	-6.8	$243.8	$393	$213.6
Barley Futures (Mar)	£111.5		£107.5	£112.15	£97.25
Wheat Futures (Mar)	£115.30	-0.25	£112.25	£115.7	£103.35
Cotton Outlook A Index	63.7c	+1.0	73.25c	75.3c	54.9c
Wool (64S Super)	710p	+55	488p	710p	484p
Rubber (Spot)	62.5p	+4.0	64.5p	88p	51p
Oil (Brent Blend)	$16.90	-0.25	$16.55	$17.525	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.15-4.25w	+0.45
Brent Blend	$16.85-6.95w	+0.60
W.T.I. (1 pm est)	$18.41-8.44w	+0.49
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$168-171	
Gas Oil	$151-153	-3.5
Heavy Fuel Oil	$72-73	-1
Naphtha	$156-158	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$405.75	+1.50
Silver (per troy oz)♣	595c	
Platinum (per troy oz)	$528.00	-1.75
Palladium (per troy oz)	$132.75	+0.25
Aluminium (free market)	$2385	+20
Copper (US Producer)	151⅝-154c	
Lead (US Producer)	41c	
Nickel (free market)	735c	
Tin (European free market)	*£4210*	
Tin (Kuala Lumpur market)	19.98r	
Tin (New York)	344c	
Zinc (US Prime Western)	74½c	
Cattle (live weight)†	111.99p	-2.88*
Sheep (dead weight)†	163.61p	-4.71*
Pigs (live weight)†	76.82p	+0.86*
London daily sugar (raw)	$247.2u	+1.0
London daily sugar (white)	$272u	
Tate and Lyle export price	£247.5	+2.0
Barley (English feed)	£113	
Maize (US No. 3 yellow)	£132	
Wheat (US Dark Northern)	£127.8v	
Rubber (spot)♥	62.50p	-1.00
Rubber (Feb)♥	69.00p	-1.00
Rubber (Mar)♥	69.25p	-1.00
Rubber (KL RSS No 1 Feb)	306.0m	+0.5
Coconut oil (Philippines)§	$525u	-10
Palm Oil (Malaysian)§	$340	
Copra (Philippines)§	$360	
Soyabeans (US)	$193	+2
Cotton "A" index	63.7c	
Wooltops (64s Super)	710p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Dec/Jan. w-Feb. v-Apr/May. u-Jan/Feb. q-Apr. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	798	793	812	795
May	807	803	819	803
Jul	817	814	828	817
Sep	827	823	839	823
Dec	848	844	857	846
Mar	857	853	865	854
May	877	873	875	

Turnover: 5245 (13564) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 12: 1057.26 (1057.26):10 day average for Jan 13: 1103.93 (1114.71) .

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1170	1163	1180	1152
Mar	1166	1158	1175	1149
May	1152	1140	1160	1135
Jly	1145	1134	1164	1130
Sep	1140	1130	1147	1138
Nov	1140	1125	1145	1135
Jan	1140	1135	1145	1136

Turnover:2597 (6427) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 12: Comp. daily 124.28 (124.64); . 15 day average 132.21 (132.73).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	221.80	225.80	224.60	220.60
May	224.80	228.80	228.00	223.60
Aug	221.40	223.40	221.20	220.00
Oct	217.00	219.60	217.80	216.00
Dec	213.00	216.00	212.40	
Mar	213.00	215.20		
May	212.00	214.60		
White	**Close**	**Previous**	**High/Low**	
Mar	267.00	270.00	269.50	265.50
May	264.00	267.00	264.00	263.00
Aug	264.00	267.00	264.00	262.50
Oct	258.00	261.00	256.00	256.00
Dec	255.50	258.50		
Mar	253.00	256.00		
May	252.00	254.00	251.00	250.50

Turnover: Raw 2394 (4398) lots of 50 tonnes. White 1494 (1550).
Paris- White (FFr per tonne): Mar 1667, May 1645, Aug 1646, Oct 1610, Dec 1600, Mar 1590

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2250	179	198	46	127
2350	118	151	84	177
2450	73	113	138	236
Copper (Grade A)	**Calls**		**Puts**	
3000	324	282	80	245
3200	206	200	160	358
3400	122	138	273	490

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 10,450 tonne
Cash	2380-90	2380-90	2390	2385-6		
3 months	2345-50	2340-5	2370/2345	2359-61	2355-60	23,850 lots
Copper, Grade A (£ per tonne)						Ring turnover 33,500 tonne
Cash	1869-70	1860-5	1870/1860	1860-70		
3 months	1776-7	1750-1	1788/1764	1772-4	1787-8	67,493 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	589-92	590-3		585-8		
3 months	602-5	603-6		598-601		445 lots
Lead (£ per tonne)						Ring turnover 6,600 tonne
Cash	385-7	385-6	386/384	383-4		
3 months	385-6	385-5.5	386.5/384	384.5-5	384-5	10,004 lots
Nickel ($ per tonne)						Ring turnover 2,324 tonne
Cash	16200-300	16700-50	16300/16250	16200-50		
3 months	15800-900	15600-700	15900/15500	15700-50	15700-800	5,986 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 5,300 tonne
Cash	1710-20	1675-85	1730/1725	1725-30		
3 months	1675-85	1655-60	1690/1680	1685-90	1680-5	2,630 lots
Zinc ($ per tonne)						Ring turnover 11,600 tonne
Cash	1687-9	1665-70	1687/1683	1685-90		
3 months	1646-7	1627-8	1651/1628	1645-50	1650-5	11,508 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	48.0	50.0		
Apr	73.3	73.0	74.8	72.5
May	85.5	84.6	87.0	84.0
Nov	82.5	81.0	81.5	80.5
Feb	90.0	88.0	88.5	87.5

Turnover 293 (499) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Feb	172.00	169.40	170.50	170.00
Apr	173.50	172.00	173.00	171.00
Jun	169.00	166.00		
Aug	164.00	159.00		
Oct	163.00	159.50		

Turnover 285 (103) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jan	1647	1641	1647	1640
Feb	1683	1674	1686	1682
Apr	1707	1696	1710	1695
Jul	1491	1486	1491	1477
Oct	1588	1586	1588	1575
Jan	1600	1600	1600	1595
BFI	1635	1629		

Turnover 582 (504)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	112.40	112.10	112.60	112.10
Mar	115.30	114.95	115.30	115.15
May	118.35	118.05	118.40	118.25
Jun	119.90	119.50	119.90	
Sep	102.10	102.40	102.20	102.10
Nov	104.60	104.90	104.60	
Jan	107.90		108.00	107.90
Barley	**Close**	**Previous**	**High/Low**	
Jan	108.70	108.70	109.00	107.20
Mar	111.60	111.70	111.70	111.50
May	113.90	114.00	114.00	113.90
Sep	100.10	100.10	100.10	
Nov	102.65	102.60	102.65	102.55

Turnover: Wheat 235 (159) , Barley 179 (50) .
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	405½-406	227½-228
Opening	403½-404	226-226½
Morning fix	403.5	227.67
Afternoon fix	405.55	228.068
Day's high	406½-407	
Day's low	402½-403	

Coins	$ price	£ equivalent
Mapleleaf	417-422	234-237
Britannia	417-422	234-237
US Eagle	417-422	234-237
Angel	413½-415½	232½-233¼
Krugerrand	404-407	226½-228½
New Sov.	95½-96½	53½-54¼
Old Sov.	95½-96½	53½-54¼
Noble Plat	533.65-542.65	301.75-306.8

Silver fix	p/fine oz	US cts equiv
Spot	333.60	591.15
3 months	344.55	605.10
6 months	355.30	619.40
12 months	376.85	649.90

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Mar	16.16	15.78	16.18	15.83
Apr	15.76	15.53	15.75	15.58
IPE Index	*15.91*	*15.85*		

Turnover: 5428 (3866)

GAS OIL $/tonne

	Close	Previous	High/Low	
Feb	149.50	148.25	149.50	147.00
Mar	145.75	144.25	146.00	143.25
Apr	141.75	139.75	141.75	139.50
May	137.75	136.00	137.50	135.75
Jun	135.50	134.00	135.50	133.00
Jul	136.00	134.00	134.25	

Turnover 6228 (7536) lots of 100 tonnes

US MARKETS

A STRONGER dollar put pressure on the metals as gold, silver and platinum markets were all lower, reports Drexel Burnham Lambert. Copper futures were sharply higher gaining 520 in March due to news of a Chile smeltering plant explosion. In the softs, coffee prices were down over 200 due mostly to trade selling. Trading was again choppy with heavy volume continuing. Cocoa prices lost 9 on mostly speculative selling. Sugar futures fell 18 in quiet trading. The grain markets were firm in light volume. commercial groups were quiet awaiting the crop report due out after the close. Cotton prices advanced on commission house activity. Stop orders around 5950 in March helped add support. In the meats, initial strength gave way to mixed trading in the pork belly and hog markets. Uncertainty over the rate of slaughter this weekend prompted position squaring in the futures. Cattle prices rose on higher firm fundamentals. The energy complex ended the week higher as late day trade and local buying rallied prices.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	402.3	404.5	0	0
Feb	403.5	405.8	408.5	402.3
Mar	406.0	408.3	0	0
Apr	408.7	411.1	413.8	407.3
Jun	413.8	416.2	419.5	412.5
Aug	419.2	421.6	423.3	420.0
Oct	424.8	427.2	426.0	426.0
Dec	430.4	432.8	437.5	429.5
Feb	403.5	405.8	408.6	402.3

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	520.5	527.1	529.0	517.1
Apr	521.0	526.6	529.0	516.0
Jul	520.0	525.1	525.5	518.5
Oct	520.0	525.1	525.0	523.0
Jan	520.0	525.1	523.0	523.0
Apr	523.0	526.1	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	586.6	591.6	0	0
Feb	591.4	594.0	0	0
Mar	595.7	598.5	603.5	594.0
May	605.9	608.7	613.5	605.5
Jul	616.5	619.3	624.5	615.0
Sep	626.8	629.6	634.0	630.0
Dec	642.2	645.0	650.0	641.0
Jan	646.4	649.2	0	0
Mar	657.5	660.3	665.0	665.0
May	668.5	671.3	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 12	*Jan 11*	*mnth ago*	*yr ago*
1973.0	1988.9	1903.5	1755.0

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	140.41	140.28	137.97	133.04
Futures	143.95	143.57	141.85	135.66

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	153.60	148.90	153.60	148.50
Feb	149.10	143.90	0	0
Mar	143.10	137.90	143.50	137.10
May	131.80	127.40	132.50	127.10
Jul	125.80	121.40	126.80	120.50
Sep	122.50	118.15	121.10	119.25
Dec	119.30	115.00	119.80	115.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	18.44	18.17	18.50	18.17
Mar	17.62	17.48	17.68	17.43
Apr	17.08	17.06	17.16	16.98
May	16.80	16.80	16.86	16.71
Jun	16.60	16.64	16.68	16.55
Jul	16.53	16.53	16.57	16.45
Sep	16.38	16.39	16.39	16.33
Oct	16.33	16.35	16.38	16.27

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5325	5284	5350	5260
Mar	5085	5049	5105	5040
Apr	4840	4819	4850	4805
May	4615	4591	4645	4595
Jun	4540	4506	4560	4500
Jul	4495	4460	4500	4455
Aug	4530	4495	4530	4530
Sep	4590	4555	4590	4590
Oct	4620	4615	4640	4620

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1350	1369	1371	1343
May	1341	1359	1367	1339
Jul	1347	1363	1364	1346
Sep	1350	1370	1370	1348
Dec	1363	1383	1377	1363
Mar	1368	1393	1393	1375
May	1383	1408	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	138.70	142.11	143.50	138.15
May	136.24	139.25	139.60	135.75
Jul	134.75	137.00	137.00	134.00
Sep	133.17	134.55	134.10	132.10
Dec	132.10	133.75	132.10	131.75
Mar	131.00	133.00	0	0
May	129.50	131.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.85	10.03	9.93	9.78
May	9.93	10.07	10.00	9.86
Jul	9.80	9.91	9.84	9.73
Oct	9.57	9.67	9.62	9.46
Jan	9.25	9.18	0	0
Mar	9.35	9.50	9.35	9.32
May	9.35	9.43	9.20	9.20

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.66	59.42	59.85	59.01
May	59.85	59.68	60.10	59.25
Jul	60.00	59.65	60.05	59.26
Oct	57.94	57.64	57.94	57.60
Dec	58.20	57.50	58.30	57.35

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	153.50	155.25	156.00	152.00
Mar	149.35	151.80	152.90	149.05
May	148.00	150.25	151.40	147.10
Jul	147.80	149.80	150.75	147.00
Sep	147.15	149.60	150.70	147.00
Nov	146.20	146.45	146.25	146.00
Jan	144.80	145.75	0	0
Mar	144.80	145.75	0	0
May	144.80	145.75	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	803/6	798/4	804/0	799/0
Mar	815/2	809/4	815/0	810/4
May	825/4	820/0	826/0	820/0
Jul	832/2	826/0	832/4	826/4
Aug	821/4	815/4	822/0	819/0
Sep	777/4	774/0	778/4	775/0
Nov	742/4	741/2	744/6	740/4
Jan	752/4	750/0	753/4	750/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	22.25	22.28	22.35	22.17
Mar	22.60	22.63	22.73	22.53
May	23.13	23.16	23.26	23.05
Jul	23.61	23.66	23.77	23.56
Aug	23.80	23.86	23.96	23.80
Sep	23.95	24.05	24.06	23.95
Oct	24.02	24.10	24.10	24.00
Dec	24.20	24.30	24.35	24.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	263.7	260.5	264.0	260.5
Mar	264.7	261.3	264.8	261.5
May	262.4	259.4	262.5	259.8
Jul	258.8	256.1	259.0	256.8
Aug	253.5	250.5	254.0	252.0
Sep	242.7	242.0	243.0	240.0
Oct	231.0	229.3	231.0	229.0
Dec	225.0	224.0	225.0	225.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	286/2	286/0	288/4	285/6
May	294/6	292/2	295/0	292/0
Jul	296/4	295/4	298/4	296/2
Sep	285/2	282/6	285/2	282/4
Dec	279/4	278/6	279/4	278/6
Mar	286/0	283/6	286/0	283/6
May	288/4	286/0	288/4	287/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	441/0	441/2	444/4	440/4
May	430/2	431/6	433/4	430/0
Jul	394/6	394/4	395/4	393/0
Sep	398/4	396/0	399/6	398/2
Dec	408/0	408/0	409/4	408/0
Mar	410/0	410/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	74.45	74.02	74.65	74.15
Apr	75.85	75.52	76.17	75.67
Jun	74.47	74.25	74.70	74.35
Aug	72.35	72.12	72.60	72.15
Sep	71.60	71.60	0	0
Oct	71.42	71.32	71.70	71.40
Dec	72.50	72.40	72.80	72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	45.50	45.57	46.80	45.35
Apr	44.37	44.47	44.70	44.30
Jun	49.86	49.62	49.80	49.50
Jul	49.80	49.72	49.90	49.65
Aug	49.05	48.75	49.05	48.65
Oct	45.10	45.15	45.25	45.10
Dec	46.45	46.55	46.60	46.45
Feb	46.72	46.70	46.80	0

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	42.65	42.70	43.20	42.40
Mar	43.15	43.07	43.65	42.88
May	44.75	44.80	45.25	44.62
Jul	46.02	46.05	46.50	45.80
Aug	46.30	46.27	46.65	46.30
Feb	60.42	60.87	60.80	60.00
Mar	60.00	60.57	60.00	60.00

INTL. COMPANIES

Agache head to be Moët chief

By Paul Betts in Paris

MR BERNARD ARNAULT, 39-year-old head of Financiere Agache, was appointed chairman yesterday of Moët Hennessy-Louis Vuitton (LVMH), the *leading French champagne,* cognac and luxury products group. He replaces Mr Alain Chevalier, who has run Moët Hennessy for the past 18 years and resigned on Thursday.

Mr Arnault's appointment represents one of the most spectacular business success stories in recent French corporate history. In partnership with Guinness, He now holds a dominant stake in the capital of LVMH, which he started acquiring only eight months ago. Following a supervisory board meeting of LVMH yesterday, Mr Arnault also has a dominant position in the six-*man executive board.*

The new deputy chairman of the board is Mr Henry Racamier, the veteran head of the Louis Vuitton clan who had been in open conflict with Mr Chevalier during the prolonged struggle for control of the luxury group. But the other members of the new executive board include two of Mr Arnault's associates - Mr Anthony Greener from Guinness and Mr Jean Ogliastro from the Louis Vuitton camp.

It is symptomatic of Mr Chevalier's defeat that there are no members of the Moët-Hennessy camp now represented in the executive board. Apart from Mr Chevalier, Mr Jean-Louis Masurel, the LVMH managing director and a close associate of the former chairman, also resigned from the company and its board.

Mr Arnault and Guinness *also announced a strengthening* in their partnership in LVMH. Apart from a seat on the executive board, Guinness has increased its shareholding from 40 per cent to 45 per cent in the Jacques Roger company controlled by Agache. This joint company will continue to hold the Agache and Guinness investments in LVMH.

The British drinks group confirmed yesterday that the joint Agache-Guinness stake in LVMH had increased from 37.8 per cent to 43.5 per cent on a fully diluted basis following recent share purchases. The cost to Guinness of increasing *its stake in Jacques Rober and* its share of the recent LVMH share purchases will total about £200m ($356m).

The latest agreements with Mr Arnault give Guinness a 19.6 per cent stake in the fully diluted capital of LVMH at a total cost of around £800m.

Mr Anthony Tennant, Guinness chief executive, said in Paris last night Guinness' main preoccupation was to ensure the stability of LVMH.

Mr Arnault said he was "happy" to be working more closely with Guinness. But he is likely to face a difficult task in restoring harmony inside a group shaken by internal rifts between shareholders during the past months.

Nomura to cut its US domestic equity business

By Janet Bush in New York

NOMURA Securities International, the US arm of the leading Japanese securities house, yesterday confirmed that it was cutting its domestic US equity business.

In a statement which followed rumours of the decision on Thursday, Nomura said it was reducing its position trading in US equities and sales coverage of investors in the US domestic market.

Around 30 people in New York and Los Angeles will be laid off, and three US equity analysts will lose their jobs.

Mr Masaaki Kurokawa, NSI chairman, said: "As the profitability of the US equities market has turned down so significantly after Black Monday, it has become clear that some of our resources could be better redeployed elsewhere."

Nomura stressed that the shift did not in any way indicate a retrenchment or reversal of its enthusiasm or commitment to growth and diversification in the US.

The company will continue to offer a reduced US equities business serving Japanese and international clients.

Mr Katsuya Takanashi, NSI president, said Nomura would develop more securitised products and move into "higher value-added product areas."

Over the last 18 months, Nomura has taken stakes in Eastdil Realty, a leading US real estate investment bank; Wasserstein, Perella, a top mergers and acquisitions boutique; and Babcock & Brown, a leveraged leasing company.

Ciba sees sharp rise in profit as sales grow 12%

By William Dullforce in Geneva

CIBA-GEIGY, the biggest of the three large Swiss chemical groups, yesterday reported an 11.8 per cent climb in turnover to SFr17.6bn ($11.37bn) in 1988 and said the growth in earnings had outpaced the increase in sales.

Final 1988 results and the dividend recommendation will be announced at the end of February. Ciba-Geigy posted a consolidated net profit of SFr1.1bn for 1987 and paid an unchanged dividend of SFr38 per share.

The predicted 1988 increase of 12 per cent or more in net earnings represents a recovery from declines of 21 per cent in 1986 and 5.2 per cent in 1987. In those years the group's performance was affected more than that of Hoffmann-La Roche and Sandoz, the other two big Swiss chemical groups, by the dollar fall and the plunge in the agrichemicals business.

Stronger demand from agriculture and the relative stability of exchange rates contributed to turnover growth in 1988. Ciba-Geigy said earnings had also benefited from improved productivity.

Sales of pharmaceuticals, the biggest operating sector, rose 9 per cent to SFr5.2bn, benefiting from an acceleration in the second half. After it had won US approval in the summer, sales of Voltaren, Ciba-Geigy's top-selling anti-rheumatic drug, exceeded SFr1bn in 1988.

Business in the agriculture division increased by 8 per cent to SFr3.7bn, stimulated by the recovery in US farming and strong demand for anti-pesticides in Western Europe.

Dyestuffs and chemicals achieved a 12 per cent increase in sales to SFr2.6bn. The additives division also advanced by 12 per cent to SFr1.7bn, while plastics, with the acquisition of Heath Tecna Aerospace, climbed by 20 per cent to SFr1.6bn.

The most spectacular sales growths were the 32 per cent to SFr1bn recorded in electronic equipment, following the purchase of Spectra Physics in 1987, and the 41 per cent to SFr479m in Ciba Vision, whose core products are lenses and lens care products.

Kemira to buy Boliden Kemi from Trelleborg

By Sara Webb in Stockholm

KEMIRA, the Finnish state-owned fertiliser group, has agreed to buy the Boliden Kemi chemicals division from Trelleborg, the Swedish industrial conglomerate.

The deal will make it one of Europe's largest producers of inorganic chemicals, and, although details were not disclosed, analysts put a price tag of SKr1bn-1.2bn ($160m-192m) on the transaction.

Boliden Kemi produces chemicals for the pulp and paper industry, water purification business and agrichemicals sector, and has a strong position in Scandinavia. The acquisition is intended to strengthen Kemira's operations in these fields in the Nordic countries.

Kemira, which has expanded rapidly in the fertiliser business in Europe in recent years, has a turnover of about SKr14.5bn, while Boliden Kemi has annual sales of around SKr2bn and is expected to show a pre-tax profit of *SKr140m for 1988.*

The deal means that Trelleborg now has about SKr8bn in cash available for acquisitions. The group has expanded aggressively in the rubber and plastics business under Mr Rune Andersson, the managing director since 1983, but decided to sell off its chemicals business because it was unable to build up a dominant position in the international inorganic chemical business. It had acquired the chemicals operations when it bought Boliden, the Swedish metals and mining group, back in 1986.

"Boliden Kemi needs to be married to a major chemical organisatyon," said Mr Fredrik Arp, managing director of the division, adding that Boliden Kemi's products could now be introduced at several of Kemira's plants in Europe.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

A COMBINATION of central bank intervention and poor US economic data pulled the dollar back from its highs in currency markets yesterday, although it still finished up from Thursday.

Early trading saw the US unit testing resistance at DM1.83 and then at DM1.84. Both were successfully breached; there was insufficient impetus to consolidate above these levels, not only because of central bank intervention, but also because of the holidays in Japan and the US on Monday. The three-day *break increases the vulnerability* of those with open positions, and in any event most investors are unwilling to make a move until the release of US trade figures for November, due on Wednesday.

US retail sales in December rose by just 0.2 p.c., considera*bly below market expectations,* and this prompted many investors to take profits and square off positions. It also encouraged central banks to take advantage of the relatively thin trading volume to push the dollar weaker. Consequently, the US unit slipped towards the bottom end of the day's range after co-ordinated intervention from the Group of Seven central banks.

However, sentiment turned towards the close in London, influenced primarily by renewed dollar buying in the US. High US interest rates and a 0.4 p.c. rise in US producer prices in December attracted some investors back into the market.

The dollar closed at DM1.8320 against DM1.8255 on Thursday and Y126.65 compared with Y126.15. It was also higher against the Swiss franc at SFr1.5615 from SFr1.5560 and FFr6.2450 against FFr6.2275. On Bank of *England figures,* the dollar's exchange rate index rose to 66.5 from 66.4.

The pound recovered from a weaker start to finish at its best closing level against the D-Mark since July 1986. Sterling found good support at DM3.2450, not only on initial dollar weakness but also on genuine investor demand. This reflected a stronger sentiment after comments by Mr Nigel Lawson, UK Chancellor of the Exchequer, stressing his determination to use higher interest rates - if necessary - in order to control inflation.

Sterling's exchange rate index recovered from an opening level of 97.7 to finish at 98.1 compared with 98.0 on Thursday. Against the D-Mark, the pound rose to DM3.2600 from DM3.2575 and it was also higher in yen terms at Y225.50 from Y225.25. Elsewhere, it finished at SFr2.7800 from SFr2.7775 and FFr11.1150 compared with FFr11.1125. In dol*lar terms, the pound closed at* $1.7800 from $1.7845.

£ IN NEW YORK

Jan.13	Latest	Previous Close
£Spot	1.7745-1.7755	1.7835-1.7845
1 month	0.60-0.58pm	0.58-0.56pm
3 months	1.68-1.64pm	1.60-1.57pm
12 months	5.25-5.15pm	4.78-4.68pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Jan.13	Previous
8.30	am	97.7	98.0
9.00	am	97.7	98.3
10.00	am	97.9	98.2
11.00	am	98.0	98.3
Noon		97.9	98.2
1.00	pm	97.9	98.2
2.00	pm	98.0	98.1
3.00	pm	98.0	98.1
4.00	pm	98.1	98.0

CURRENCY RATES

Jan.13	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.743352	0.639285
U.S Dollar	6.50	1.33008	1.13185
Canadian $	11.20	1.59144	1.35992
Austrian Sch.	4	17.0197	14.6417
Belgian Franc	7.75	50.7625	43.6499
Danish Krone	7½	9.39236	8.06615
Deutsche Mark	3½	2.42367	2.08453
Neth. Guilder	4.5	2.73664	2.35256
French Franc	9½	8.26379	7.10974
Italian Lira	12½	1782.71	1530.27
Japanese Yen	2½	167.790	143.632
Norway Krone	8	8.84636	7.58059
Spanish Peseta	-	151.919	130.899
Swedish Krona	8½	8.28906	7.11653
Swiss Franc	3.5	2.06162	1.77701
Greek Drach.	20½	201.427	172.992
Irish Punt	-	0.906667	0.779191

*All SDR rates are for Jan.12

CURRENCY MOVEMENTS

Jan.13	Bank of England Index	Morgan** Guaranty Changes %
Sterling	98.1	-13.9
U.S Dollar	66.5	-12.1
Canadian Dollar	101.0	-1.6
Austrian Schilling	106.7	+9.8
Belgian Franc	105.8	-6.2
Danish Krone	103.5	-1.4
Deutsche Mark	112.7	+20.5
Swiss Franc	108.2	+17.6
Guilder	110.0	+12.9
French Franc	98.7	-15.9
Lira	97.3	-20.3
Yen	151.8	+85.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for Jan.12.

OTHER CURRENCIES

Jan.13	£	$
Argentina	29.5870-29.7465	16.5800-16.6600
Australia	2.0530-2.0555	1.1505-1.1515
Brazil	1491.20-1499.40	835.40-839.55
Finland	7.5555-7.5775	4.2400-4.2420
Greece	267.65-272.15	151.30-154.05
Hong Kong	13.9225-13.9355	7.8045-7.8065
Iran	122.75*	68.85*
Korea(Sth)	1209.20-1218.90	680.20-685.80
Kuwait	0.50590-0.50640	0.28360-0.28370
Luxembourg	68.10-68.20	38.25-38.35
Malaysia	4.8440-4.8560	2.7210-2.7240
Mexico	1491.20-1499.40	2282.00-2292.00
N. Zealand	2.8190-2.8265	1.5800-1.5835
Saudi Ar.	6.6900-6.6960	3.7500-3.7510
Singapore	3.4565-3.4620	1.9400-1.9420
S. Af (Cm)	4.2440-4.2555	2.3800-2.3830
S. Af (Fn)	6.9395-7.0780	3.8910-3.9685
Taiwan	49.15-49.40	27.65-27.75
U.A.E.	6.5515-6.5570	3.6725-3.6735

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7800	1.7744	1.7642	1.7514	1.7325
D-mark	3.2600	3.2388	3.2015	3.1506	3.0592
French Fr.	11.115	11.073	10.995	10.889	10.718
Swiss Fr.	2.7800	2.7623	2.7302	3.7270	2.6037
Yen	225.50	223.66	220.84	216.60	209.19

MONEY MARKETS

UK rates firmer

INTEREST RATES edged firmer in London yesterday especially towards the longer end of maturity dates. Sentiment was influenced by recent comments by UK Government ministers stressing the importance attached to controlling inflation.

Consequently, interest rates seem unlikely to show a more pronounced reverse yield curve, at least until the market receives stronger evidence of a slow down in UK consuming spending. The key three-month interbank rate was quoted at 13¼-13⅛ p.c., unchanged from Thursday.

The Bank of England forecast a shortage of around £400m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills together with repayment of late assistance draining £184m. There was also a rise in the note circulation of £340m. These were partly offset by Exchequer transactions which added £110m.

The forecast was revised to a shortage of around £450m, and the Bank gave assistance in *the morning of £218m through* outright purchases of £6m of eligible bank bills in band 1 and £36m in band 3. In band 4 it bought £1m of local authority bills and £175m of eligible bank bills, all at unchanged rates.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7670-1.7855	1.7795-1.7805	0.58-0.55cpm	3.81	1.61-1.56pm	3.56
Canada	2.1195-2.1365	2.1350-2.1360	0.45-0.35cpm	2.25	1.03-0.88pm	1.79
Netherlands	3.66¼-3.68½	3.67½-3.68½	2¼-2¼cpm	7.13	6½-6¼pm	6.86
Belgium	67.95-68.40	68.10-68.20	36-31cpm	5.90	98-90pm	5.52
Denmark	12.58½-12.62½	12.60¾-12.61¾	5⅝-5orepm	4.94	15¼-14¼pm	4.76
Ireland	1.2135-1.2210	1.2200-1.2210	0.55-0.50pm	5.16	1.45-1.35pm	4.59
W. Germany	3.24½-3.26½	3.25¼-3.26¼	2½-2pfpm	7.59	6-5¾pm	7.21
Portugal	265.55-268.85	267.00-268.00	62-24cpm	1.93	156-65pm	1.65
Spain	203.90-204.85	204.30-204.60	28-17cpm	1.32	49-34pm	0.81
Italy	2383¾-2397½	2393½-2394½	3-1lirepm	1.00	7-5pm	1.00
Norway	11.81-11.86¼	11.84½-11.85½	2¾-2⅝orepm	2.78	5½-4¾pm	1.75
France	11.06-11.12	11.11-11.12	4½-4¼cpm	4.72	12¼-11¾pm	4.30
Sweden	11.09½-11.15	11.13¼-11.14¼	2¾-2⅝orepm	2.96	8-7½pm	2.78
Japan	223¾-226	225-226	1¾-1⅝ypm	8.98	4¾-4⅝pm	8.31
Austria	22.78-22.89	22.85-22.88	13-12gropm	6.56	39-36½pm	6.60
Switzerland	2.76¾-2.78½	2.77½-2.78½	1⅞-1¾cpm	7.82	5¼-4⅞pm	7.19

Belgian rate is convertible francs. Financial franc 68.55-68.65. Six-month forward dollar 2.89-2.84cpm 12 months 4.80-4.70cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7670-1.7855	1.7795-1.7805	0.58-0.55cpm	3.81	1.61-1.56pm	3.56
Ireland†	1.4520-1.4610	1.4600-1.4610	0.25-0.30cdis	-2.26	0.62-0.72dis	-1.84
Canada	1.1965-1.2015	1.1985-1.1995	0.14-0.17cdis	-1.55	0.51-0.56dis	-1.20
Netherlands	2.0600-2.0800	2.0675-2.0685	0.60-0.57cpm	3.39	1.73-1.68pm	3.25
Belgium	38.20-38.60	38.25-38.35	7.50-5.50cpm	2.03	20.00-17.00pm	1.93
Denmark	7.07¼-7.13¼	7.08¼-7.08¾	0.75-0.55orepm	1.10	2.35-1.95pm	1.21
W. Germany	1.8245-1.8430	1.8315-1.8325	0.62-0.59pfpm	3.96	1.69-1.65pm	3.64
Portugal	149¾-150¾	150½-150¾	20-40cdis	-2.39	60-110dis	-2.26
Spain	114.65-115.80	114.70-114.80	22-27cdis	-2.56	77-87dis	-2.85
Italy	1341-1345¼	1344¾-1345¼	3.00-3.80liredis	3.03	8.50-9.40dis	2.66
Norway	6.55½-6.69¾	6.65½-6.66	1.10-1.35oredis	-2.20	3.05-3.35dis	-1.92
France	6.22½-6.28¼	6.24¼-6.24¾	0.39-0.34cpm	0.70	1.25-1.15pm	0.77
Sweden	6.24½-6.29¼	6.25½-6.26	0.45-0.64cdis	-1.04	1.30-1.60dis	-0.93
Japan	126.15-126.95	126.60-126.70	0.61-0.58ypm	5.65	1.53-1.49pm	4.78
Austria	12.88½-12.94	12.92-12.92½	3.05-2.35gropm	2.52	11.80-8.80pm	3.20
Switzerland	1.5550-1.5730	1.5610-1.5620	0.52-0.49cpm	3.88	1.45-1.40pm	3.65

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.50-38.60.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6499	+2.81	+0.54	±1.5344
Danish Krone	7.85212	8.06615	+2.73	+0.46	±1.5404
German D-Mark	2.05853	2.08453	+1.26	-1.01	±1.0981
French Franc	6.90403	7.10974	+2.98	+0.71	±1.3674
Dutch Guilder	2.31943	2.35256	+1.43	-0.84	±1.5012
Irish Punt	0.768411	0.779191	+1.40	-0.87	±1.6684
Italian Lira	1483.58	1530.27	+3.15	+1.91	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Jan.13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13-12¾	13-12⅞	13⅛-13	13¼-13⅛	13⅛-13	12⅞-12⅞
US Dollar	9⅛-8⅞	9¼-9	9¼-9⅛	9⅜-9¼	9⅝-9½	9⅞-9¾
Can. Dollar	10⅝-10⅛	10½-10⅜	10⅝-10⅜	11⅛-10⅞	11⅜-11⅛	11⅝-11⅜
D. Guilder	5⅞-5⅝	5⅞-5⅝	5⅞-5¾	5⅞-5¾	6⅛-5⅞	6⅛-6
Sw. Franc	5¼-5	5¼-5	5⅜-5⅛	5½-5⅜	5⅞-5⅝	5⅞-5¾
Deutschmark	5¼-5	5⅜-5⅛	5⅜-5¼	5⅝-5½	5⅞-5¾	5⅞-5¾
Fr. Franc	8⅛-8⅜	8⅞-8⅝	8⅞-8⅝	8⅝-8⅜	8⅞-8¾	8⅞-8¾
Italian Lire	11-9	12½-11½	12-11½	12¼-11⅝	12¼-11¾	12¼-12
B. Fr. (Fin)	7⅜-7⅛	7⅜-7⅛	7⅜-7⅛	7⅝-7½	7⅞-7⅝	7¾-7⅝
B. Fr. (Con.)	7¼-7	7½-7¼	7½-7¼	7¾-7½	7⅞-7⅝	8-7¾
Yen	4⅜-4⅛	4⅜-4⅛	4⅜-4¼	4⅝-4½	4⅝-4½	4¾-4⅝
D. Krone	8-7⅞	8-7⅞	8¼-8	8¼-8	8¼-8⅛	8⅜-8⅛
Asian $Sing	9⅛-8⅞	9¼-9⅛	9⅜-9⅛	9⅜-9⅛	9⅝-9½	9⅞-9¾

Long term Eurodollars: two years 10-9⅞ per cent; three years 10⅛-9⅞ per cent; four years 10⅛-9⅞ per cent; five years 10⅛-9⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.780	3.260	225.5	11.12	2.780	3.680	2394	2.140	68.15
$	0.562	1	1.831	126.7	6.247	1.562	2.067	1345	1.202	38.29
DM	0.307	0.546	1	69.17	3.411	0.853	1.129	734.4	0.656	20.90
YEN	4.435	7.894	14.46	1000.	49.31	12.33	16.32	10616	9.490	302.2
F Fr.	0.899	1.601	2.932	202.8	10.	2.500	3.309	2153	1.924	61.29
S Fr.	0.360	0.640	1.173	81.12	4.000	1	1.324	861.2	0.770	24.51
H Fl.	0.272	0.484	0.886	61.28	3.022	0.755	1	650.5	0.582	18.52
Lira	0.418	0.744	1.362	94.19	4.645	1.161	1.537	1000.	0.894	28.47
C $	0.467	0.832	1.523	105.4	5.196	1.299	1.720	1119	1	31.85
B Fr.	1.467	2.612	4.784	330.9	16.32	4.079	5.400	3513	3.140	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.13) 3 months US dollars		6 months US Dollars	
bid 9⅜	offer 9½	bid 9⅝	offer 9¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	10¼-½
Fed. funds	9¼
Fed. funds at intervention	-

Treasury Bills and Bonds

One month	8.19	Three year	9.14
Two month	7.96	Four year	9.14
Three month	8.50	Five year	9.12
Six month	8.81	Seven year	9.11
One year	9.03	10-year	9.07
Two year	9.14	30-year	8.90

Jan.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.95-5.05	5.35-5.50	5.35-5.50	5.45-5.60	5.60-5.75	5.50
Paris	8¾-8½	8¾-8½	8¾-8½	8⅞-8¾	8¾-8⅝	7.25
Zurich	4¾-4⅝	5⅛-5⅝	-	5⅝-5⅝	-	-
Amsterdam	5.25-5.40	5.80-5.90	-	5.93-6.03	-	-
Tokyo	3.78125	4.28125	-	4.53125	-	-
Milan	11¼-11½	11¾-12¼	-	11⅝-12⅛	-	-
Brussels	7.35	7½-7⅜	-	7⅞-7⅝	-	-
Dublin	7-7¼	7⅝-7⅞	7¾-8	7⅞-8¼	8¼-8½	-

LONDON MONEY RATES

Jan.13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	13	13⅛	13¼	13⅜	12⅞
Interbank Bid	10	12½	13	13⅛	13¼	12¾
Sterling CDs	-	-	13	13⅛	13⅛	12⅝
Local Authority Deps.	12⅝	12⅞	12⅞	13⅛	13	12⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	12⅞	12¾	12¾	12¾	-	-
Company Deposits	-	-	13	13¼	13⅛	12⅞
Finance House Deposits	-	-	13⅛	13⅜	13⅛	12⅝
Treasury Bills (Buy)	-	-	12⅞	12⅝	-	-
Bank Bills (Buy)	-	-	12⅞	12⅞	12⅝	-
Fine Trade Bills (Buy)	-	-	13⅛	13⅛	12⅞	-
Dollar CDs	-	-	9.20-9.15	9.35-9.30	9.50-9.45	9.70-9.65
SDR Linked Dep Offer	-	-	7¾	7⅞	8⅛	8⅜
SDR Linked Dep Bid	-	-	7½	7⅝	7⅞	7⅞
ECU Linked Dep Offer	-	-	7⅞	8¼	8⅜	8⅝
ECU Linked Dep Bid	-	-	7⅞	8⅛	8¼	8¼

Treasury Bills (sell): one-month 12 11/16 per cent; three months 12⅝ per cent; Bank Bills (sell): one-month 12 11/16 per cent; three months 12 11/16 per cent; Treasury Bills; Average tender rate of discount 12.5093 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 30, 1988. Agreed rates for period January 25, 1989 to February 25, 1989, Scheme I: 13.97 p.c., Schemes II & III: 14.37 p.c. Reference rate for period December 1 to December 30, 1988, Scheme IV&V: 13.173 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from January 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
90	530	637	0	7
92	333	444	3	14
94	148	263	15	33
96	34	143	104	113
98	7	53	247	223
100	2	23	436	357
102	0	8	634	542

Estimated volume total, Calls 672 Puts 484
Previous day's open int. Calls 19599 Puts 15730

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
84	622	635	4	33
86	428	459	10	57
88	245	332	27	130
90	120	221	102	219
92	33	132	215	330
94	12	57	358	455
96	3	—	549	—

Estimated volume total, Calls 355 Puts 1127
Previous day's open int. Calls 2393 Puts 2952

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements May
17500	1477	72
18000	1067	162
18500	721	316
19000	453	548
19500	263	858
20000	140	1235
20500	69	1664

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
160	—	1850	—	3
165	1350	1350	2	18
170	850	850	18	73
175	404	457	105	212
180	140	213	341	468
185	31	80	732	835
190	4	24	1205	1279

Estimated volume total, Calls 9 Puts 50
Previous day's open int. Calls 43 Puts 3700

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8975	81	88	4	16
9000	58	70	6	23
9025	39	53	12	31
9050	23	39	21	42
9075	13	27	36	55
9100	6	20	54	73
9125	3	13	76	91

Estimated volume total, Calls 320 Puts 315
Previous day's open int. Calls 5645 Puts 6718

LIFFE SHORT STERLING

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8675	56	119	21	23
8700	40	101	30	30
8725	27	84	42	38
8750	18	69	58	48
8775	11	55	76	59
8800	7	43	97	72
8825	4	33	119	87

Estimated volume total, Calls 1122 Puts 944
Previous day's open int. Calls 19847 Puts 18743

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
1.750	2.65	3.53	4.24	5.58	-	1.23	2.26	4.82
1.775	0.42	2.05	2.88	4.35	0.02	2.18	3.44	6.26
1.800	-	1.17	1.89	3.36	2.07	3.71	4.95	7.64
1.825	-	0.56	1.17	2.55	4.37	5.60	6.72	9.28
1.850	-	0.22	0.67	1.92	6.98	7.74	8.71	11.07
1.875	-	-	0.35	1.41	9.47	10.05	10.86	12.98
1.900	-	0.03	0.20	1.00	6.98	12.45	13.13	15.00

Previous day's open int: Calls 381,811 Puts 332,576(All currencies)
Previous day's volume: Calls 13,783 Puts 8,877(All currencies)

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls-settlements Jan	Calls-settlements Feb	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Jan	Puts-settlements Feb	Puts-settlements Mar	Puts-settlements Jun
1.650	16.15	-	16.20	14.25	0.45	-	0.35	2.00
1.700	11.15	11.30	13.25	12.60	0.55	1.30	0.95	2.50
1.750	6.25	7.20	4.40	5.90	1.50	1.30	2.10	5.40
1.800	0.30	3.15	2.00	3.75	3.60	3.40	4.45	8.30
1.850	0.30	1.25	0.80	2.20	5.85	3.25	10.40	1.75
1.900	0.30	1.55	1.30	2.20	6.00	11.35	12.75	14.30
1.950	-	-	1.40	0.60	-	-	20.40	20.40

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 222 Puts 158

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	95-15	95-16	95-07	95-09
Jun	96-15			96-09

Estimated Volume 8791 (12213)
Previous day's open int. 24726 (25221)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	92-19			92-20
Jun				

Estimated Volume 0 (0)
Previous day's open int. 18 (18)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	106.81	106.85	106.57	106.58
Jun	105.90	105.85	105.85	105.83

Estimated Volume 267 (176)
Previous day's open int. 465 (473)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	87.10	87.10	86.98	87.08
Jun	87.71	87.71	87.56	87.64
Sep	88.28	88.25	88.13	88.19
Dec	88.64	88.61	88.51	88.53

Est. Vol. (inc. figs. not shown) 19061 (22925)
Previous day's open int. 48891 (47662)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Mar	189.05	189.70	188.50	188.30
Jun	191.35	192.00	191.55	190.60
Sep				

Estimated Volume 3012 (3844)
Previous day's open int. 14636 (14139)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Mar	90.52	90.54	90.44	90.39
Jun	90.47	90.49	90.39	90.35
Sep	90.46	90.46	90.38	90.34
Dec	90.35	90.36	90.27	90.22

Est. Vol. (inc. figs. not shown) 12487 (6599)
Previous day's open int. 42170 (40777)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	90-09	90-17	89-15	88-28
Jun	90-01			88-20
Sep				

Estimated Volume 8441 (2656)
Previous day's open int. 7779 (7627)

6% NOTIONAL GERMAN GOVT. BOND
DM 250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	95.29	95.33	94.98	94.96
Jun	94.63	94.63	94.63	94.32
Sep				

Estimated Volume 9520 (6076)
Previous day's open int. 12988 (12537)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	90-13	90-16	89-15	89-19
Jun	90-06	90-08	89-09	89-11
Sep	90-02	90-02	89-04	89-06
Dec	89-30	89-30	89-03	89-02
Mar	89-27	89-27	89-00	88-31
Jun	-	-	-	88-28
Sep	-	-	-	88-25
Dec	-	-	-	-
Mar	-	-	-	88-21
Jun	-	-	-	88-19
Sep	-	-	-	88-18

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	91.84	91.87	91.75	91.77
Jun	91.80	91.81	91.71	91.72
Sep	91.79	91.79	91.76	91.71
Dec	91.69	91.69	91.60	91.61
Mar	91.80	91.80	-	91.73
Jun	-	-	-	91.71

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6448	0.6448	0.6395	0.6461
Jun	0.6505	0.6510	0.6460	0.6527
Sep	0.6580	0.6580	0.6530	0.6598

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.7974	0.7976	0.7940	0.7980
Jun	0.8073	0.8073	0.8039	0.8082
Sep	0.8168	0.8168	0.8143	0.8173
Dec	-	-	-	0.8264

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.5491	0.5496	0.5457	0.5511
Jun	0.5541	0.5547	0.5512	0.5564
Sep	-	-	-	0.5617
Dec	-	-	-	-

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	90.53	90.55	90.44	90.47
Jun	90.47	90.50	90.39	90.42
Sep	90.47	90.49	90.38	90.41
Dec	90.35	90.38	90.27	90.29
Mar	90.47	90.49	90.37	90.39
Jun	90.47	90.48	90.36	90.36
Sep	90.46	90.47	90.33	90.34
Dec	90.40	90.42	90.29	90.29

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	285.50	286.35	285.30	285.25
Jun	288.80	289.50	288.50	288.50
Sep	292.30	292.60	-	292.40

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7800	1.7744	1.7642	1.7514	1.7325

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.7710	1.7710	1.7590	1.7732
Jun	1.7550	1.7550	1.7450	1.7584
Sep	1.7450	-	1.7300	1.7468

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*458)	420	39	57	66	1	4½	10
	460	7	28	42	8½	18	25
Brit. Airways (*170)	160	11	19	23	2	5	8
	180	1	7	10	12	16	19
Brit. & Comm. (*215)	200	19	29	33	3	7	9
	220	5	16	22	13	14	18
B.P. (*256)	240	17	23	28½	1	4½	6¼
	260	2¼	7¼	15	5½	15	16
British Steel (*65)	50	15¾	17½	18¼	¼	½	1
	60	5½	8¼	9¾	¼	1¼	3½
	70	½	3	4	5	5	9½
Bass (*860)	850	20	50	75	12	22	28
	260	2¼	7¼	15	5½	15	16
Cable & Wire (*378)	360	20	37	50	2	10	14
	390	2½	17	28	15	21	28
Cons. Gold (*1245)	1200	70	130	165	17	65	85
	1250	35	100	140	35	90	120
	1300	16	77	115	75	120	145
Courtaulds (*282)	280	6½	20	28	6	13	22
	300	2	11	18	20	24	32
Com. Union (*355)	330	29	37	44	2	9	12
	360	4½	14	26	10	21	24
G.K.N. (*312)	300	16	24	33	2½	11	15
	330	1½	8	7	19	29	32
Grand Met. (*456)	454	7	21	-	4	19	-
	460	-	-	35	-	-	26
I.C.I. (*1075)	1050	30	53	80	7	32	36
	1100	5	25	53	30	62	65
Jaguar (*278)	260	19	27	38	1	10	14
	280	4½	15	26	6	19	24
Land Securities (*557)	500	60	76	90	1	6	10
	550	14	42	55	6	16	23
	600	2	15	28	45	45	50
Marks & Spencer (*156)	140	17	24	26	1	3	5
	160	2	7	13	6	7½	11½
	180	½	2½	4	25	25	25
STC (*281)	280	7	18	25	8	14	18
	300	2	8	15	23	27	31
Sainsbury (*207)	200	9	16	23	1½	7	11
	220	1	8	13	14	17	21
Shell Trans. (*347)	317	30	37	43	1	5	5
	333	15	23	31	1½	10	11
Storehouse (*195)	180	16	29	37	2	9	15
	200	4	18	25	11	18	23
Trafalgar House (*306)	300	10	23	32	5	10	15
	330	3	9	15	26	26	32
Utd. Biscuits (*312)	300	15	35	45	3	15	20
	330	4½	18	31	20	32	37
Ultramar (*294)	280	-	-	45	-	-	24
	294	7	21	-	8	18	-
	300	-	-	33	-	-	34
Woolworth (*254)	240	16	23	28	2	7	11
	260	4	11	18	10	13	17

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Boots (*234)	220	44	51	-	1½	4½	-
	240	24½	34	41	4	8½	10
	240	12½	18	27	11	15	17

Option		Calls Jan	Calls Apr	Calls Aug	Puts Jan	Puts Apr	Puts Aug
GEC (*212)	180	33	37	43½	1	4	7
	200	13	23	30	2	10	14
	220	5	12	21	13	19	24

Option		Calls Jan	Calls Apr	Calls Jun	Puts Jan	Puts Apr	Puts Jun
Rolls-Royce (*145)	140	6½	13	15½	1½	5	9½
	160	1	4	-	15½	15½	-
TSB (*111)	100	12	13	15	½	3	2½
	110	2½	5½	8	2	5	6½
	120	½	2½	4	11	12	13

Option		Calls Feb	Calls Apr	Calls Jul	Puts Feb	Puts Apr	Puts Jul
Ladbroke (*440)	420	29	38	46	4½	7½	11
	460	6	14	25	23	26	29

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*471)	460	27	35	51	11	24	28
	500	8½	18	31	33	48	54
BAA (*278)	260	24	34	37	2	4	7
	280	7½	19	25	7	10	15
BAT Inds (*460)	420	47	57	65	1	6½	8½
	460	14½	26	38	9	19	21
Brit. Telecom (*264)	260	11	21	25	3½	6	10
	280	2½	9	12	17	19	22
Cadbury Schweppes (*338)	330	21	34	46	9	18	24
	360	8	19	31	28	39	43
Guinness (*339)	300	44	50	58	1	3	4
	330	18	27	34	6	10	14
	360	4	10	18	24	26	28
LASMO (*494)	460	50	75	92	10	25	30
	500	30	52	70	28	45	55
	550	10	28	-	62	73	-
P. & O. (*561)	500	70	78	85	2	7	11
	550	25	38	48	9	22	25
	600	4	14	25	43	52	55
Pilkington (*216)	200	21	30	32	2½	6	9
	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Plessey (*230)	220	18	29	34	6	9	13
	240	6	15	21	14	18	21
Prudential (*156)	140	21	24	26	1½	3	4
	160	5	8½	12	7	12	12
	180	1	3	-	25	26	-
Racal (*304)	300	16	29	35	10	15	21
	330	5	14	-	29	30	-
	360	1	4½	56½	59	-	-
R.T.Z. (*458)	420	48	60	70	3½	10	15
	460	17	33	45	13	23	32

Option		Calls Feb	Calls May	Calls Sep	Puts Feb	Puts May	Puts Sep
Vaal Reefs (*$68)	60	12	15	15	1½	4	6
	70	4	6½	9	7	10	12

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*165)	160	15	23	29	8	12	15
	180	6½	13	18	20	23	24
	200	2	6	-	37	38	-
Barclays (*428)	390	48	52	62	6	7	12
	420	20	26	36	16	17	20
	460	4	11	-	45	45	-
Blue Circle (*460)	420	54	60	72	5	11	12
	460	26	34	46	14	24	28
Dixons (*135)	130	12	19	22	6½	9	11
	140	8	14	17	11	15	19
Glaxo (*1066)	1050	67	100	135	30	43	49
	1100	40	72	107	55	67	70
Hawker Sidd. (*574)	500	90	100	110	2	8	12
	550	50	60	72	12	22	26
	600	17	30	43	33	47	55
Hillsdown (*239)	220	20	34	39	1½	4½	6
	240	15	20	25	7	10	12
Lonrho (*339)	330	28	46	54	21	30	39
	360	16	33	40	40	50	57
Midland Bk (*429)	420	20	32	38	15	18	20
	460	4	14	-	47	47	-
Sears (*116)	110	12	16	19	4	6	8½
	120	6½	9½	13	8½	12	14
Trusthouse Forte (*261)	260	13½	23½	32	14	17½	21
	280	6½	14½	-	28	30	-
Thorn EMI (*663)	650	38	55	64	13	20	27
	700	14	26	-	40	50	-
Wellcome (*447)	420	46	61	76	7	12	16
	460	20	34	-	23	27	-

Option		Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
British Gas (*160)	140	21	24	29	½	1	2
	160	2	7	11½	2½	4½	6

Option		Calls Jan			Puts Jan		
RHM (*370)	360	15	-	-	5	-	-
	390	3	-	-	23	-	-

Option		Calls Mar	Calls Jul	Calls Oct	Puts Mar	Puts Jul	Puts Oct
Beecham (*494)	460	50	66	80	7	14	17
	500	23	40	55	20	30	33
Unilever (*469)	460	26	40	53	10	16	20
	500	8	20	33	35	37	37

Option		Calls Mar	Calls May	Calls Aug	Puts Mar	Puts May	Puts Aug
BTR (*311)	300	22	23	31	4½	8¼	11
	330	5½	8	15	21	26	28
Hanson (*159)	140	22	25	27	¼	1½	2¼
	160	6¼	9½	12½	5¼	6¼	8½
Tesco (*140)	130	14	16	20	3½	6	7
	140	8	9½	13	5	10	9

Option		Calls Jan	Calls Mar		Puts Jan	Puts Mar	
Enterprise Oil (*511)	500	22	47	-	12	28	-
	550	4	25	-	43	52	-
Scot. & Newcastle (*400)	360	41	52	-	1	5	-
	390	12	32	-	2½	13	-
	420	1	17	-	22	26	-

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Conv. 9½% 2005 (*100)	98	[illegible]	-	-	[illegible]	-	-
	100	[illegible]	-	-	[illegible]	-	-
	102	[illegible]	-	-	[illegible]	-	-
Tr. 12% 1995 (*106)	106	-	-	-	-	-	-
	110	[illegible]	-	-	[illegible]	-	-
	112	[illegible]	-	-	-	-	-

Option		Calls Jan	Calls Feb	Calls Mar	Calls Apr	Puts Jan	Puts Feb	Puts Mar	Puts Apr
FT-SE Index (*1861)	1650	218	-	-	-	½	-	-	-
	1700	168	185	193	200	1½	3	5	8
	1750	118	137	145	153	2	6½	9½	13
	1800	69	88	100	113	4½	12	17	23
	1850	29	50	67	76	15	25	31	37½
	1900	6½	22	33½	45	43	53	55	63
	1950	1½	8½	18	26	93	95	96	98

January 13 Total Contracts 53,795 Calls 40,957 Puts 12,838
FT-SE Index Calls 7526 Puts 4552
*Underlying security price.

WORLD STOCK MARKETS

INDICES

NEW YORK — DOW JONES

	Jan 12	Jan 11	Jan 10	Jan 9	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2222.32	2206.43	2193.21	2199.46	2222.32 (12/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.53	88.40	88.44	88.35	91.25 (3/3/88)	86.12 (4/1/88)	-	-
Transport	996.11	992.70	986.22	986.38	996.11 (12/1/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	188.95	188.95	187.41	187.23	190.02 (29/1/88)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2239.11 (2211.96) Low 2200.71 (2185.71)

STANDARD AND POOR'S	Jan 12	Jan 11	Jan 10	Jan 9	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite ‡	283.17	282.01	280.38	280.98	283.66 (21/10/88)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	327.99	326.29	324.33	326.07	327.99 (12/1/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	25.33	25.21	25.02	25.08	26.42 (20/10/88)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	159.26	158.65	157.85	158.15	159.26 (12/1/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	315.00	313.86	312.95	313.54	315.00 (12/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	387.01	385.31	384.59	385.28	394.77 (18/7/88)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Jan 6	Dec 30	Dec 23	year ago (approx.)
Dow Industrial Div. Yield	3.66	3.70	3.70	3.62

	Jan 11	Jan 5	Dec 28	year ago (approx.)
S & P Industrial div. yield	3.15	3.17	3.20	3.17
S & P Indl. P/E ratio	13.09	12.97	12.86	15.69

TRADING ACTIVITY † Volume Millions

	Jan 12	Jan 11	Jan 10
New York	183.000	148.950	140.420
Amex	12.413	9.200	10.010
OTC	136.428	115.766	113.519

NEW YORK	Jan 12	Jan 11	Jan 10
Issues Traded	1,977	1,939	1,951
Rises	899	802	622
Falls	569	603	794
Unchanged	509	534	535
New Highs	79	60	49
New Lows	8	11	11

CANADA

TORONTO	Jan 12	Jan 11	Jan 10	Jan 9	1988/89 High	1988/89 Low
Metals & Minerals	3401.9	3381.0	3342.7	3346.7	3401.9 (12/1/89)	2238.7 (8/2/88)
Composite	3486.3	3468.5	3444.4	3445.1	3486.3 (12/1/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1756.07	1748.18	1735.87	1740.60	1756.07 (12/1/89)	1505.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Centerior Energy	5,870,900	16	+ 1/8
RJR Nabisco	2,196,500	94 3/8	− 1/8
General Electric	2,121,900	45	+ 1/8
Savin Bus	2,000,800	13/32	—
IBM	1,979,700	123 1/4	+ 7/8
SmithKline	1,957,500	52 1/4	+ 1 7/8
Ford Motor	1,936,300	52 3/8	+ 1/4
British Steel	1,776,400	12	+ 1/8
Merck	1,715,000	59 3/4	+ 1/4
Glaxo Holdings	1,653,300	19	− 1/4

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 13	Jan. 12	Jan. 11	Jan. 10	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1517.9	1507.8	1499.4	1501.8	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	686.2	681.4	676.2	678.4	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	223.56	223.50	224.30	223.80	225.48 (4/11/88)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5709.00	5690.80	5654.30	5616.10	5709.00 (13/1/89)	3608.35 (4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	280.37	280.13	280.49	283.10	285.32 (5/1/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	729.2	729.0	730.2	729.5	772.1 (8/8/88)	530.60 (5/1/88)
FRANCE						
CAC General (31/12/82)	441.3	434.4	434.1	436.4	441.30 (13/1/89)	251.3 (29/1/88)
Ind. Tendance (30/12/88)	104.7	104.5	102.8	(u)	104.70 (13/1/89)	100.0 (1/1/89)
GERMANY						
FAZ Aktien (31/12/58)	565.12	566.69	562.78	560.95	567.51 (5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1694.7	1698.7	1687.7	1683.3	1705.6 (5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1353.25	1358.74	1353.42	1345.91	1371.10 (5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2843.98	2879.33	2872.52	2832.38	2879.33 (12/1/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	600.41	597.24	600.38	600.37	600.41 (13/1/89)	423.91 (9/2/88)
JAPAN**						
Nikkei (16/5/49)	31298.38	31143.45	31143.45	31006.5	31298.38 (13/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2457.58	2445.82	2442.10	2427.75	2457.58 (13/1/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	297.2	294.5	290.7	293.0	297.2 (13/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	260.7	257.4	254.6	255.8	260.7 (13/1/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	509.52	507.42	500.88	501.46	509.52 (13/1/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1099.19	1095.31	1085.59	1083.50	1177.87 (8/8/88)	833.60 (4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1328.0 ♦	1331.0	1323.0	1325.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2080.0 ♦	2079.0	2067.0	2049.0	2080.0 (13/1/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	280.33	277.89	276.19	274.35	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3496.9	3493.5	3496.7	3488.5	3496.9 (13/1/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	632.5	628.4	624.1	620.2	632.5 (13/1/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	505.9	504.4	501.9	505.9 (12/1/89)	401.0 (21/1/88)

**Saturday Jan. 7: Japan Nikkei (c) TSE (c) ♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Strong bonds rally encourages Dow to rise

Wall Street

A POWERFUL rally in the bond market enabled equity prices to overcome profit-taking and move moderately higher yesterday, *writes Anatole Kaletsky in New York.*

The bond market rally, which was set off by the publication of much weaker-than-expected retail sales figures, sent long-term interest rates tumbling. But lower rates did nothing to undermine the new-found enthusiasm for the dollar in the foreign exchanges.

The combination of a strong dollar and declining interest rates provided a good background for the equity market to digest the big gains it had made over the past few days. At 2pm, the Dow Jones Industrial Average was 6.25 up at 2,228.57 in moderate trading.

About 80m shares changed hands before lunch on the New York Stock Exchange, as advancing shares outnumbered decliners by a small margin.

Before the retail sales figures were published, many analysts had expected a weaker opening on Wall Street, reflecting the need for some consolidation after the decisive break through the 2,200 mark on the Dow on Thursday.

The market rose on six out of the previous eight sessions and was now in the ninth consecutive week of a recovery which began shortly after November's presidential election.

However, the bond market surged by more than a full point early in the morning on news that retail sales rose only 0.2 per cent in December, against a consensus estimate of 1.4 per cent among market economists. Many analysts expressed scepticism about the retail sales figures, which are notoriously open to later revisions.

Some also saw bearish implications in the producer price index for December, which showed a rise of 0.4 per cent. But by lunchtime, the Treasury's long bond had settled ⅞ up at 101⅛, a price at which it yielded 8.88 per cent. Federal Funds traded throughout the morning at 9⅛ per cent. The dollar continued to rise despite the lower interest rates and central bank intervention. At 1pm it stood at Y127.05 and DM1.8365.

The strength in bonds enabled the equity market to recoup rapidly the small losses it suffered from profit-taking early in the session and analysts pointed to the 2,240 to 2,260 range on the Dow as the next objective. This was around the market's closing level on the day before Black Monday.

One of the day's busiest shares was SmithKline Beckman, up $1 at $53¾. The big pharmaceuticals company has repeatedly been the subject of takeover speculation.

Shearson Lehman Hutton, which announced a big charge connected with portfolio losses nevertheless rose $⅝ to $19⅝. Technology and industrial stocks figured prominently among the day's losers, partly perhaps because of the strength of the dollar.

Canada

THERE was little movement in Toronto share prices, with the midsession composite index up 4.08 at 3,490.38. Volume was heavy at 21.6m shares. Texaco Canada, which paid its special stock dividend on Thursday, lost C$⅞ to C$39¼.

EUROPE

Energetic week ends on a celebratory note

THE week ended with further records, as corporate news and speculation buoyed sentiment in many bourses. Frankfurt and Paris ended weaker against the trend, *writes Our Markets Staff.*

ZURICH was dominated by interest in employment group Adia and food giant Nestlé, ending firmer in moderate turnover. The Crédit Suisse index climbed to a post-crash record of 541.2, up 1.9.

Adia was active on speculation over possible purchases of bits of Britain's Blue Arrow group after news that the new head, Mr Mitchell Fromstein, had had talks with Adia. Its bearers climbed SFr175 to SFr9,000.

Nestlé, which is holding a road show in the US, saw its participation certificates climb SFr10 to SFr1,370 – having been up SFr30 – on rumours that the company will this weekend announce that it is going to consolidate its PCs into bearers to reorganise further its share structure.

MILAN ended the January account buoyantly as optimism about the new month and position-squaring helped the Comit index up 3.17 to 600.41 in heavier volume than Thursday's provisional L174bn. Banks were strong.

The new account will see six Italian stocks quoted on London's Seaq International from Monday as well as Fiat's ADR listing mid-month.

AMSTERDAM rallied on Wall Street's firm start to another post-crash high, with the CBS tendency index up 1.9 at 162.1 in active trading worth Fl 1.1bn.

Royal Dutch gained Fl 2.60 to Fl 241.50; it has a two-for-one stock split on Wednesday. Océ van der Grinten, the office equipment maker, climbed Fl 13 to Fl 300 before being suspended for its renewed forecast of flat profits of Fl 75m.

Publisher KNP rose Fl 1.20 to Fl 48.20. It announced a 44 per cent rise in 1988 net profits to about Fl 250m.

BRUSSELS reached another all-time peak, with its cash market index up 18.2 at 5,709.0. Profit-taking left Thursday's star performer, metals group Hoboken, BFr525 lower at BFr14,650.

STOCKHOLM completed a week of rises with another record high, as the Affärsvärlden index gained 1.8 to 1,035.8.

Recent press reports on Astra's ulcer drug helped its free B shares close SKr13 up at SKr262. Trelleborg, which has improved its 1988 profits forecast, gained SKr6 to SKr330.

OSLO moved higher in its heaviest turnover ever after news of Norway's largest monthly trade surplus for almost five years. The all-share index gained 3.11 to 379.84 in trading worth NKr598m.

FRANKFURT succumbed to another spate of rumours, with negative talk about Daimler sending that stock sharply lower. The FAZ index was off 1.57 at 565.12 and the DAX down 5.49 at 1,353.25.

Turnover was similar to Thursday's at DM4.2bn, with Daimler the most active as DM377m worth of shares changed hands. The stock ended DM12.50 lower at DM734.50, recovering from a low of DM728, after rumours that Der Spiegel magazine would carry an article on Monday saying the motor company had suffered heavy foreign exchange losses.

Der Spiegel said it had no such report planned, and a spokesman for Daimler, which said last month that profits could be lower, denied the speculation about large losses.

Feldmühle Nobel, the industrial group, ended down DM1.30 at DM298 after reaching DM310 in pre-bourse trading on rumours, also denied, that the Flick brothers would start a takeover bid again. Unusually, it was the second most active stock with DM282m worth traded.

Chemicals Hoechst and Bayer lost DM2 to DM305.70 and DM2.50 to DM307.30 after Hoechst said joint testing of an AIDS drug had not produced substantive results; the shares had risen on Wednesday on talk of a breakthrough.

PARIS opened strongly as speculative activity continued, but concern about Monday's bourse employees' strike left shares slightly lower.

The opening CAC General index was up 6.9 at a post-crash record of 441.3, but by the close the OMF 50 index had eased 0.24 to 457.60.

Moulinex, off 50 centimes at FFr126.90, and BSN, FFr16 lower at FFr700, were busy. Rumours continued to surround BSN – it opened at FFr733 – and the latest was that it was interested in buying Perrier or vice versa. Perrier put on FFr1 to FFr1,607.

LVMH lost FFr219 to FFr3,670, with 72,850 shares traded, after Mr Bernard Arnault was appointed chairman in place of Mr Alain Chevalier.

Oil group Total saw about 260,000 shares dealt, jumping FFr30.50 to FFr422.

MADRID finished strongly. The general index rose 2.44 to 280.33, ending the week with a gain of 2.5 per cent.

Electricity giant Endesa found 12 points to 231 per cent of par, helped by its ADR listing in New York and news this week of a 4.1 per cent rise in domestic electricity tariffs.

SOUTH AFRICA

LIGHT profit-taking tipped Johannesburg shares off their highs and most stocks ended mixed to lower. In the gold sector, Vaal Reefs lost R2 to R270 and Ofsil fell R1 to R69.

ASIA PACIFIC

Confidence produces yet another record

Tokyo

INVESTORS continued confidently to buy up the market and share prices rose on a wide front leading the Nikkei to another record high, *writes Michiyo Nakamoto in Tokyo.*

Not to be outdone by Wall Street, which had closed at a post-crash peak, Tokyo staged another strong performance with the Nikkei average advancing 154.93 to 31,298.38. Gaining issues at 583 outnumbered losers at 383, while 174 issues were unchanged. Volume reached a robust 1.77bn shares against 1.25bn on Thursday.

The Topix index gained 11.76 to 2,457.58 and, in later trading in London, the ISE/Nikkei 50 index rose 6.07 to 2,007.76.

"People are very keen to get money into this market," said a salesman at Kleinwort Benson International. Mr Hiroshi Taguchi at Nomura Securities said that many investors had sold off their positions before the week-long new year's break, preparing to move into the market if conditions were favourable, and now they had decided the time was ripe.

Although some analysts voiced concern that the Nikkei index was moving up too quickly, some of the more bullish denied that the market was overheating. Turnovers above 2bn shares, they said, could be a warning signal but, for the time being, the broad-based buying reflected investors' fundamental confidence in the market as a whole.

Interest focused on large capital issues, particularly those that are part of the defence and aerospace theme. Mitsubishi Heavy was once again in the limelight, topping the most actives list with 164.7m shares traded and closing up Y40 at Y1,180. Tokyo Keiki, a leading maker of aircraft and marine instruments, advanced Y190 to Y2,150.

Japan Steel Works also rose Y20 to a new high of Y810 during the day, but ended up only Y1 at Y794. Toho Rayon, selected as an aviation and space issue because its carbon fibres are used for rockets, advanced Y60 to Y1,030. Mitsubishi Electric, the leading defence contractor among electric makers, was third on the volumes list at 83.6m shares and increased Y30 to Y1,120.

Steels ended mixed in spite of the popularity of large volume issues. NKK captured the second position on the most actives list, with 143.2m shares, and gained Y11 to Y995, but Kawasaki Steel lost Y20 to Y1,020.

Financial issues firmed because – in the words of one salesman – "everyone likes a broker when the market is looking strong." The recent decision by banks to adopt a new short-term prime rate that is more market sensitive was also seen as very positive for the banks. Nikko Securities added Y50 to Y2,180 and Daiwa Securities increased Y40 to Y2,700. The Industrial Bank of Japan firmed Y40 to Y4,540 while Fuji Bank gained Y30 to Y3,800.

Chemicals were selected as low-priced and reasonably high-volume issues. They were also popular as underperformers and on the strength of their better earnings prospects. Nippon Soda added Y64 to Y860 and Mitsubishi Kasei increased Y50 to Y1,130.

Widespread demand raised prices in Osaka and the OSE average closed up 106.82 at 29,308.92. Volume rose to 169.5m shares from 151.34m on Thursday.

Roundup

THE AUSTRALIAN market stood out, making a strong end to the week, while Singapore managed small gains and Hong Kong fell back.

AUSTRALIA pursued its climb to end the week on a firm note in active turnover of 108m shares worth A$210m, the busiest session since December 30.

The All Ordinaries index gained 10.1 points to 1,517.9, an eight-week high, and advances outnumbered falls by nearly two to one.

Local and overseas demand pushed the resources sector up strongly, although buying was selective and centred predominantly on CRA, up 6 cents at A$8.28, WMC, 12 cents better at A$5.14 on 1.86m shares, and Santos, up 8 cents at A$3.50 on 3.83m shares.

HONG KONG ran into long-expected profit-taking which left the Hang Seng index down 35.35 at 2,843.98 after reaching four post-crash highs in a row. Volume was slightly lower at HK$1.4bn, compared with HK$1.83bn on Thursday.

The index had risen by 190 points since the start of the year. Properties and utilities led falls, with China Light shedding 40 cents to HK$14.70 as the day's most active stock.

SINGAPORE hovered around the 1,100 level on the Straits Times industrial index, briefly breaching it but then falling back on profit-taking. The index ended up 3.88 at 1,099.19.

Turnover fell to 56.7m shares from 63.4m. Raleigh led the most actives, with 2.1m shares changing hands, and rose 0.5 to 83 cents. Tan Chong gained 1¼ cents to 74 cents.

TAIWAN was boosted by news that the Government was to review the proposed capital increases of Hua Nan Commercial Bank, First Commercial Bank and Chang Hwa Commercial Bank later this month. The weighted index rose 260.48 to 5,873.91.

Tokyo confirms it is as hard-boiled as the rest

WHATEVER the sentiments of ordinary Japanese towards the demise of their Emperor, the Tokyo market proved once and for all this week that it is as cold-blooded as any market anywhere.

Virtually every broker in Tokyo had expected the market to express its condolences to the Imperial Family with a modest fall when trading reopened last Monday. In reality, the market's behaviour throughout the week has been anything but decorous: trading volume was high, and the Nikkei average seemed to be trying to give new meaning to the phrase leaps and bounds. Apart from a catnap on Thursday, the index stepped up every day to a record close, adding 3.6 per cent overall to end the week just shy of 31,300.

"The consensus was that there would be a better opportunity to buy the market once the Emperor had died," says Mr Simon Smithson, an analyst at brokers Kleinwort Benson in Tokyo.

So on Monday morning, demand which had built up during four months of waiting was released on a market which seems to have been caught partly unawares.

By last night, the list of closing prices of TSE-traded stocks was peppered with record finishes, across a broad range of sectors.

The index now has a three-day Japanese bank holiday weekend to contemplate its next move; but the overwhelming consensus among brokers is that, barring external calamities, the market is headed higher still.

Few if any brokers seem willing to predict that satisfying the pent-up demand of the past four months will be a matter of one week's buying only. And given that Japanese institutions are about to stuff their pockets with the proceeds of a net Y1.5 trillion (million million) ($11.8bn) in bond redemptions next month, it is difficult to see pressure on demand easing in the near future either.

"There is an awful lot of money coming to the institutions, and they haven't got many places to put it," says analyst Mr Andrew Ballingal of Barclays de Zoete Wedd's Tokyo office.

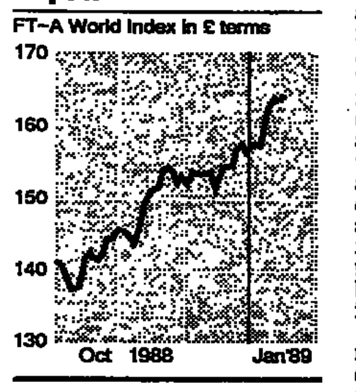
"Nobody can be negative about the supply/demand situation for equities at the moment, especially with the bond market as tight as it is," he argues, noting that the strength of Japanese government finances means a continuing shortage of supply in the bond market.

"The Japanese institutions are not only bullish, but they have got a lot of money to be bullish with."

Pension fund inflows continue rising at an estimated 15 to 20 per cent a year. And the near term impact of last December's tax changes is to encourage individuals to buy shares before the April introduction of a withholding tax on equity market purchases.

Japan

FT–A World Index in £ terms



Against the formidable array of forces on the demand side, the supply of equity to the market in the new year is expected to be little changed from last year's high levels. There will be another tranche of NTT to cope with – 1.95m shares late in the autumn, unless continued market strength persuades the Ministry of Finance that it can get away with even more – while other privatisation issues wait in the wings. For the moment, at least, demand looks like being more than equal to the task.

"The risk would be if the market fundamentals suddenly deteriorated," cautions Mr Ballingal.

But it is an odd broker indeed who does not wax lyrical on the fundamentals for the Japanese market at the moment. The Japanese economy looks set to repeat last year's magical formula of high growth and low inflation in 1989 as well. For the fiscal year which begins in April, analysts are forecasting gross national product growth of between 4 and 5 per cent coupled with inflation of only a percentage point or two. High growth and high corporate profits, low inflation and low interest rates; it is the sort of scenario that cannot help but inspire confidence.

All that does not mean that the extraordinary enthusiasm of the past week will survive the three-day break, and that the index will continue levitating daily. Even hyperactive children rest sometimes, and Tokyo may find it cannot keep up the pace.

The fundamental picture, too, is not quite as flawless as all that. Oil prices would normally be the stuff of which anxiety is made in Tokyo; but the market took $18 a barrel in its stride this week and it is difficult to see prices sustained at much higher levels than that. So unless a declining yen and rising oil prices conspire to drive interest rates higher – and disadvantage equities as a result – the bets are on the market taking a temporary breather only, before resuming its climb.

As though price/earning ratios in Tokyo were not high enough already – BZW puts the market on 59 times earnings to March 1989 falling only to 54 times March 1990 earnings – that would take them higher still. And higher p/e's will presumably do little to attract Japan-shy foreign investors.

True, foreigners turned net buyers of Japanese equities last year, for the first time since 1983. But Tokyo brokers argue that many foreign fund managers remain underweight in Japanese equities and that it is high time they paid more attention to a market that has outperformed so significantly: the FT-Actuaries Japan index has beaten the overall FT-A World Index in dollar terms by 20.2 percentage points since the end of October 1987.

"At some point, those who are underweight in the market are going to turn out to be right," says Mr Ballingal of BZW. "But I don't think now is the time."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 12 1989					WEDNESDAY JANUARY 11 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	148.22	+0.6	123.15	114.01	4.71	147.35	122.66	113.49	152.31	91.16	97.92
Austria (18)	94.63	+0.2	78.62	89.44	2.75	94.48	78.65	89.58	100.00	83.72	93.23
Belgium (63)	134.22	+0.3	111.51	127.10	3.95	133.85	111.42	126.59	139.89	99.14	101.30
Canada (126)	130.12	+0.8	108.10	112.73	3.23	129.04	107.42	112.18	130.12	107.06	109.90
Denmark (39)	157.40	+0.4	130.77	151.29	2.00	156.83	130.55	150.64	161.60	111.42	114.66
Finland (26)	127.24	–0.5	105.71	112.82	1.55	127.88	106.45	113.31	139.83	106.78	108.88
France (131)	117.19	+1.6	97.36	114.48	2.82	115.32	96.00	112.70	117.51	72.77	81.05
West Germany (102)	88.04	+0.7	73.15	83.56	2.26	87.40	72.76	83.08	90.40	67.78	72.12
Hong Kong (46)	119.28	+0.0	99.10	119.53	4.13	119.29	99.30	119.54	119.29	84.90	92.14
Ireland (18)	126.94	–0.2	105.47	122.14	4.12	127.14	105.84	122.20	144.25	104.60	109.03
Italy (98)	83.80	–0.8	69.62	83.99	2.40	84.51	70.35	84.48	86.88	62.99	74.48
Japan (456)	197.18	+0.1	163.82	157.23	0.48	197.02	164.01	157.05	197.18	133.61	141.37
Malaysia (36)	150.45	+1.0	124.99	157.66	2.70	149.01	124.04	156.53	154.17	107.83	114.60
Mexico (13)	156.12	–0.1	129.70	390.88	1.31	156.32	130.12	390.86	182.24	90.07	96.16
Netherland (38)	112.64	+1.3	93.58	105.90	4.66	111.15	92.52	104.76	113.49	95.23	96.24
New Zealand (25)	70.55	+0.4	58.61	59.69	6.56	70.29	58.51	58.99	84.05	63.32	78.10
Norway (26)	153.07	+1.8	127.17	138.00	1.97	150.31	125.13	135.78	153.07	98.55	103.46
Singapore (26)	134.31	+0.7	111.59	120.14	2.22	133.39	111.04	119.25	135.89	97.99	100.30
South Africa (60)	119.71	+2.0	99.46	103.63	4.46	117.36	97.70	102.62	139.07	98.26	130.20
Spain (42)	148.06	+0.5	123.01	128.31	3.19	147.38	122.69	127.62	164.47	130.73	133.18
Sweden (35)	146.75	+0.0	121.92	135.62	2.11	146.82	122.21	135.79	146.82	96.92	97.67
Switzerland (57)	78.65	+1.0	65.34	75.87	2.24	77.90	64.85	75.15	86.75	74.13	78.06
United Kingdom (317)	137.68	+1.0	114.39	114.39	4.72	136.26	113.43	113.43	141.51	120.66	130.89
USA (571)	115.33	+0.4	95.82	115.33	3.61	114.83	95.59	114.83	115.55	99.19	100.28
Europe (1010)	115.63	+0.9	96.07	103.54	3.64	114.66	95.45	102.77	116.61	97.01	101.36
Nordic (126)	141.61	+0.2	117.65	127.69	2.00	141.30	117.62	127.43	–	–	–
Pacific Basin (679)	191.98	+0.1	159.50	153.80	0.69	191.80	159.66	153.59	191.98	130.81	137.77
Euro–Pacific (1689)	161.40	+0.3	134.09	133.90	1.55	160.89	133.93	133.49	161.40	120.36	123.24
North America (697)	116.13	+0.5	96.48	115.20	3.59	115.59	96.22	114.69	116.13	99.78	100.79
Europe Ex. UK (693)	101.68	+0.7	84.48	97.05	2.80	100.97	84.06	96.40	102.91	80.27	83.07
Pacific Ex. Japan (223)	129.85	+0.4	107.89	110.42	4.43	129.32	107.66	110.00	129.85	87.51	94.36
World Ex. US (1888)	159.89	+0.3	132.84	133.03	1.62	159.35	132.65	132.60	159.89	120.26	122.84
World Ex. UK (2142)	143.31	+0.3	119.07	128.39	1.97	142.87	118.93	127.99	143.31	111.77	112.46
World Ex. So. Af. (2399)	142.94	+0.4	118.75	127.20	2.20	142.42	118.56	126.75	142.94	113.26	113.99
World Ex. Japan (2003)	116.60	+0.6	96.87	111.04	3.65	115.88	96.46	110.43	116.60	100.00	101.04
The World Index (2459)	142.79	+0.4	118.63	127.04	2.21	142.27	118.43	126.59	142.79	113.37	114.10

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included 5

London County 2½% Cons Stk 1920(or after) – £25 (6Ja89)
Greater London Council 6¾% Stk 90/92 – £87¾ 8½
Birmingham Corp 2½% Stk 1926(or after) – £20 (10Ja89)
Birmingham District Council 11½% Red Stk 2012 – £106 (9Ja89)
Leeds(City of) 13½% Red Stk 2006 – £122 (11Ja89)
Liverpool Corp 3% Red Stk 1942(or after) – £27 (10Ja89)
Local Authority 11½% Bds 23/8/89 – £98.05 (10Ja89)

UK Public Boards
No. of bargains included 11

Agricultural Mortgage Corp PLC 4½% Deb Stk 81/91 – £83
5½% Deb Stk 93/95 – £79 (6Ja89)
6¼% Deb Stk 92/94 – £81
6¾% Deb Stk 85/90 – £91 2¾ ¾
7¼% Deb Stk 91/93 – £86
10¼% Deb Stk 92/95 – £96½
Port of London Authority 3% Port of London A Stk 29/99 – £48 (11Ja89)
6½% Reg Stk 87/90 – £94¾ (10Ja89)
Scottish Agric Sec Corp 10¼% Deb Stk 89/91 – £93 (11Ja89)

Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) – £95½ (10Ja89)
13.5% Ln Stk 2010(Reg) – £126¾ (11Ja89)
United Mexican States 16½% Ln Stk 2008(Reg) – £114

Banks and Discount Companies
No. of bargains included 1303

Ansbacher(Henry)Hldgs PLC 9% Cnv Subord Ln Stk 1998 – £85 (9Ja89)
Australia & New Zealand Banking Gp New $A1(50% Pd&Rkg 50% Div Till 30/9/90) – 144 (9Ja89)
Barclays PLC ADR (4:1) – $29.55♦
Barclays Bank PLC 7½% Uns Cap Ln Stk 86/91 – £90
8¼% Uns Cap Ln Stk 86/93 – £89½ 90 ½
12% Uns Cap Ln Stk 2010 – £108¾ ¼
16% Uns Cap Ln Stk 2002/07 – £131 2¼ (11Ja89)
Barings PLC 8% Cum 2nd Prf £1 – 90 (6Ja89)
Hambros PLC Non Vtg £1 – 56 (11Ja89)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 – £88½
10¼% Subord Uns Ln Stk 93/98 – £101 ½
14% Subord Uns Ln Stk 2002/07 – £117½

9% Red Cum Prf £1 – 102 (10Ja89)
Edinburgh Hibernian PLC Ord 2p – 61
Haemocell PLC Ord 1p – 138 40 1½ 4
Ivernia West PLC Ord Ir£0.10 – 0.17♦
Kromagraphic PLC Ord 5p – 18 (6Ja89)
Medirace PLC Warrants to sub for Ord – 53 (10Ja89)
Norton Group PLC ADR (3:1) – $0.6
Royal Sovereign Group PLC Cum Cnv Red Prf 2006 25p – 57
Swanyard Studios PLC New Ord 1p (Fp/PAL-2/2/89) – 2½ (11Ja89)
Wilton Group PLC Ord 1p – 4¾ 5 ¼

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Alliex Holdings 50♦
Ampol Exploration 75 (10.1)
Anglo-Alpha Ord R15½ (9.1)
Aust. Hydrocarbons A$0.08
Aust. Oil & Gas 30
Avions Marcel Dass-Berg-Aviat FR645 85 647 787 (10.1)
Black Hill Minerals 3½ (11.1)
Boral Ord Stk A$3.61 (9.1)
Brush Wellman $27½ (11.1)
Cadbury Schweppes Australia A$4.343764
Central Kalgoorlie Gold Mines 3½ (11.1)
City Developments S$3.12
Devex A$0.3 (11.1)
Great Eastern Mines A$0.069 (6.1)
Greenbushes 48
Greenvale Mining 5
Haoma North West 2¼ (11.1)
Haw Par Bros Int (Singapore reg) S$3.2818
Highveld Steel & Vanadium $2.57.2.58.2.60
Hooker Corp 98
Kern Corp A$2.9 2.94 3.14 (6.1)
Kollmorgen Corp £13.08,13.10,13.35
Kulim Malaysia Ord 25♦ (6.1)
Kulim Malaysia Ord (Malay Ord) 32 (6.1)
Lawter International $12¼♦
Malaysian Airline System M$6.80
McCarthy Group 125♦ (10.1)
Mount Martin Gold Mines 244 (11.1)
National Electronics (Consolidated) 6½♦
Nixdorf Computers AG Prf Shs DM331
Noranda Inc C$24¼,24⅞♦ (6.1)
Oil Search 30 1,2
Overseas Chinese Banking Corp 230,240 (11.1)
Palabora Mining R51,51.1 (11.1)
Regal Hotels (Hldgs) 14,16 (11.1)
Regent Mining 2 (11.1)
Selangor Properties S$1.074 (10.1)
Sky Line Explortn C$11.52875
Southwest Gold mines 2 (9.1)
Strategic Minerals Corp A$0.49
Windsor Industrial Corp HK$8.73557,8.73558

RULE 535 (2)

Bargains granted in securities incorporated in the UK & Republic of Ireland but not listed on any exchange

Adnams & Co "B" Ord £17 (9.1)
Ann Street Brewery 850 (6.1)
Appleton Hldgs 12 (6.1)
Ariel Industries 100 (11.1)
Channel Island Communications 425
Clucas Cleaners (5% Cum Pf) 40 (10.1)
Clucas Cleaners 225 (9.1)
Conister Trust 225 (9.1)
Croxley Group 25 (10.1)
Dalkeith (Ceylon) 30 (9.1)
Dart Valley Light Rlwy 315 (6.1)
DBS Management 75
De Gruchy (Abraham) £10
Douglas Gas Light 330 (10.1)
Duckwari 45 (9.1)
Europlan Hldgs 43 5.5 (9.1)
Falmouth Hotel £31 (9.1)
Flightspares 880 (11.1)
Fredericks Place Hldgs 30.3 (10.1)
Glencar Explorations (Ir£0.25) 35
Grampian TV 47.5 (6.1)
Guernsey Gas Light 605 (9.1)
Guernsey Press Co 223
Hoskins Brewery 50.60 (6.1)
Ireland Yard Investments 4½,6 (11.1)
Invicta Sound 556 (9.1)
Jennings Bros 302,5,20,5
Kenmare Resources 14,¼,½,15
Le Riches Stores 395 (11.1)
Liverpool FC £302½
London Wall Hldgs 270,3 (9.1)
Newbury Racecourse £3900
North West Explorations 36 (11.1)
Oliver Resources (Ir0.05) 17½
Plymouth Hotel 185
Rangers FC £26
Rigby Electronics Group 9 (10.1)
Ruhsak Hldgs 32 (11.1)
Silver Bear 17½,18
Sth Quay Invs 145 (10.1)
Southern Newspapers 273,80
Transatlantic Hldgs Prfd "B" 320 (9.1)
Thwaites 230,1
Wolverhampton Racecourse 470 (10.1)
Wynstay Props 150 (10.1)
Yates Brothers Wine Lodges 205

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Another broad advance for equities

London's equity market closed the week and an exceptionally buoyant three-week trading account in a blaze of glory. There were strong gains across the board in the blue chips with the FT-SE 100 share index closing the session a fraction short of the day's best, up 11.2 *up at 1862.1.*

At its best level during the session, just after the opening of Wall Street, the index had posted a 12.3 rise. Over the week, the Footsie has moved up an impressive 50.3 points as Wall Street finally burst through its resistence point of 2,200 on the Dow Jones Average.

A lot of the steam in the market generated by the GEC/Siemens/Plessey affair tended to evaporate yesterday, but nevertheless the sector continued to generate plenty of business. In yet another twist to the saga, the American General Electric Corporation and the UK's GEC announced they had reached an accord on joint European ventures in three major areas.

Christopher Tucker, electronics analyst at Kleinwort Benson Securities, said the GEC/GE collaboration "weakens the chances of a viable consortium bid for GEC," while a leading trader in the electronics sector was of the opinion that "the big battles in the sector are only just beginning".

The rest of the market peformed exceptionally well. "We've done very well; it seems that confidence in UK equities is returning, albeit slowly; there is a marked change of attitude by the big funds. The feeling now seems to be: if you're underweight in Alphas, you have to top up," was the overall view of a broker at one of London's top securities houses.

Another broker noted that buying interest had "spread from the blue chips to the second-liners". "Perhaps the market has gone too far, too quickly, but we have to go with it - the last thing you need is to be left behind.

There was no shortage yesterday of features in equities. Blue Arrow were barely changed, but turnover of 30m demonstrated investors' concern over recent developments at the company, culminating in the departure of Mr. Tony Berry as chief executive, although he remains on the board. There were stories suggesting imminent developments at Storehouse and speculation that another bid could well materialise at Hammerson.

British Steel took the accolade for the biggest turnover stock, with *US* funds again heavy buyers; activity totalled nearly 60m shares for the second consecutive session. But the bigger news was in turnover as a whole at a healthy 789.6m shares, a figure that brought smiles (and relief,too)to the faces of brokers and analysts who at Christmas were viewing the New Year with dismay.

Account Dealing Dates		
*First Dealings:		
Dec 28	Jan 16	Jan 30
Option Declarations:		
Jan 12	Jan 26	Feb 9
Last Dealings:		
Jan 13	Jan 27	Feb 10
Account Day:		
Jan 23	Feb 6	Feb 20

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	87.01	87.05	87.14	87.18	86.90	87.96	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.51	96.56	96.38	96.36	96.09	94.55	98.67 (25/5/88)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1519.7	1511.9	1496.8	1503.5	1502.0	1436.7	1519.7 (13/1/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	163.9	163.8	163.1	164.2	162.9	294.5	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)

	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Year Ago
Ord. Dl. Yield	4.81	4.84	4.88	4.87	4.88	4.33
Earning Yld %(full)	12.10	12.16	12.28	12.22	12.29	10.83
P/E Ratio(Net)(☆)	9.89	9.94	9.86	9.89	9.84	11.32
SEAQ Bargains(5pm)	34,623	28,073	28,294	29,333	31,613	27,832
Equity Turnover(£m)†	-	1831.86	1183.57	1229.32	1348.25	1092.37
Equity Bargains†	-	31,647	28,009	31,786	32,904	26,753
Shares Traded (ml)†	-	745.9	478.7	479.2	565.6	431.8

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1512.1	1519.6	1519.8	1515.8	1516.5	1517.6	1520.0	1517.8

DAY'S HIGH 1520.6 DAY'S LOW 1512.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 9.93 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Jan. 12	Jan. 11
Gilt Edged Bargains	108.3	92.4
Equity Bargains	205.1	181.5
Equity Value	3702.3	2392.3
5-Day average		
Gilt Edged Bargains	99.6	96.9
Equity Bargains	193.8	184.0
Equity Value	2711.1	2431.6

● London Report and latest Share Index: Tel. 0898 123001

GEC off after US deal

GEC, the biggest of the UK's electronics issues, dipped off to 210p before eventually settling a net 2¼ lower at 212½p on turnover of 17m shares, after the co-operation deal with General Electric of the US was announced.

The latest moves by GEC were described by one top analyst as being "another nail in the coffin of any bid by the Lazards consortium." He went on: "It effectively puts General Electric out of any consortium and bid- proofs GEC as it gives the company the same preemptive rights over any attempt to sell the medical systems business. This is a good, well thought-out strategic move by GEC."

Plessey shares fell away and closed 3 easier at 330p with turnover coming out at 6.6m. "It is looking increasingly likely that they have missed the boat as far as GEC are concerned. There has been plenty of top-slicing by action funds," said one dealer in the shares.

STC, still benefiting from stories that the company is not after all going to participate in the possible offers for GEC, put on 4 more to 281p.

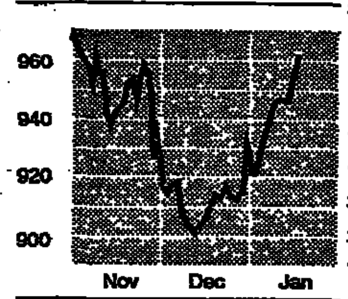
Hammerson busy

"Complete and utter confusion" was how one analyst described the market in Hammerson shares after both the "A" and the ordinaries seesawed wildly throughout the day. After opening lower on the belief that Rodamco could not afford to make a higher offer, both sets of shares staged a dramatic recovery on talk that the Dutch group is, in fact poised to increase its £1.3bn bid.

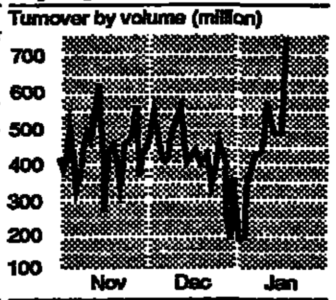
The story in the market was that Rodamco may approach the Takeover Panel for permission to increase the differential between its offer for the ordinary and its offer for the "A" shares — the idea being to tempt Standard Life to sell some or all of its 11.3m ordinaries with an offer around £12 or £13-a-share. However, observers said that it was highly unlikely that Rodamco would be granted permission for such a move.

The market was also alive with suggestions that Rodamco would launch a raid on Hammerson "A" shares next week - citing this as the reason why the "A" closed higher and the ordinaries lower. In spite of what he said was the lack of logic in such a move, one senior analyst was confident that Rodamco, and its advisers at Warburgs, would not withdraw from the battle without a fight. "The final twist next week will be unexpected, and undoubtedly creative." When trading closed, Hammerson ordinary stood 4 easier at 949p, and the "A" shares 28 higher at 901p.

FT-A All-Share Index



Equity Shares Traded



Bond confirms

For Lonrho holders there was no Friday-the-thirteenth fear of the unknown yesterday. The Bond group made an announcement confirming that *neither Bond Corporation*, Bell Resources nor their associates intend to make any offer for Lonrho at the present time. The Australian owner of a 21 per cent shareholding does, however, reserve the right to bid in the event either of a material change of circumstances at Lonrho or should any other offer emerge for the group.

Market traders winced, and some decided to reduce their commitments, but in contrast to the previous day the shares showed remarkable stability. This owed much to support from income funds seeking to increase their weightings ahead of the annual results; these fall within the trading Account starting on Monday *and are expected to be reported* on January 26.

Mr Euan Worthington of Warburg Securities is looking for pre-tax profits of £217m, against £200.2m last time, and earnings per share of 27.9p. County NatWest WoodMac's Mr Robert Sassoon forecasts a marginally lower £215m. Lonrho shares finally edged firmer to close 4 up at 339p with turnover again high at 5.6m shares.

Premier surge

The Wytch Field participants again stole the thunder in the *oil sector and none more so* than Premier Consolidated. The spotlight turned on the exploration and production company following a purchase by Burmah of 19.65m shares, some 5 per cent, at 80p which lifts the chemicals to lubricants group's overall stake to 29.9 per cent.

"The market's failure to value properly the Wytch Field has brought about the situation," said a leading oil trader. Burmah, a friendly shareholder, has recognised the potential and while it probably has no intention of launching a full offer, it might pass the stake on in time, he continued. Premier's shares bounded higher, before easing from the highest to close 6½ better at 76¼p, *along with other members* of the syndicate headed by British Petroleum. Goal Petroleum rose 6 to 99p and Clyde Petroleum 3 more to 107p but BP registered scant change. Burmah drifted slightly easier to 496½p.

The news that Mr Tony Berry, the architect of Blue Arrow's expansion, had been replaced as chief executive by *Mr Mitchell Fromstein, who* formerly held the same post at Manpower, created turmoil in the market. The volume of 30m shares indicated that the market thought the development important, but the fact that the price remained unchanged at 90½p indicated that it was unsure whether the changes were good or bad news for the company, said analysts.

Mr Andrew Mills of BZW said the Blue Arrow price based on break-up value could be as high as 110p depending on the assumptions on which the calculations were based. On the downside, he said, the shares might look overvalued on fundamentals.

Mr Fromstein, who resigned from the Blue Arrow board last *month after disagreements* with Mr Berry, has been talking to Adia, the Swiss group which is seen as a potential bidder for Blue Arrow. Mills said that his victory in the boardroom made a takeover less likely. Other analysts disagreed, and though a bid was still a possibility.

Guinness climbed 6 to 339p on the news from Paris that Mr Jean-Louis Masurel had followed Mr Alain Chevalier and resigned from the board of Louis Vuitton Moet Hennessy. Mr Geoff Collyer, drinks analyst at County NatWest WoodMac, said that although two men were allies of Guinness, their departures reduced the uncertainty surrounding the future of LVMH. Mr Collyer *also noted that Guinness had* increased to 45 per cent its share of its joint stake in LVMH with Financière Agache. This meant that Guinness was now unlikely to be drawn into a battle for control of LVMH, said the analyst.

The outcome of Hammerson's revaluation of its property portfolio lifted Building concerns with extensive property interests including Trafalgar House, up 8½ at 305½p. Trafalgar was also boosted by news of the group's involvement in the management and employee buyout at British Rail Engineering.

Anglia Secured Homes, which build protected homes for the elderly, rose 13 to 413p on what one dealer called spec*ulative buying. He said the* company "looks absolutely right" for a bid. Macarthy and Stone, which also builds protected homes, moved up 10 to 368p.

Attwoods rose 32 to 336p on news that Laidlaw Transportation, the Canadian waste-management company, had lifted its stake to 28.8 per cent in the group.

Storehouse was the main feature among firmer retail stocks, closing 7 higher at 196p amid suggestions that the management has arranged to buy-out the company. There was consistent demand for the stock at all levels during the day, and by the close a healthy 10m shares had changed hands.

Speculation of a buy-out at Storehouse was nothing new, noted a more cautious observer, but if it did materialise it would at least rid the group of the bid talk which has dogged it for so long, and which has kept the shares at such inflated levels. Several analysts said that a buy-out was possible, but unlikely. As one said: "I can't see it myself, but stranger things have happened."

Ratners gained a penny to 178p after one of the UK's leading agency brokers upgraded its forecast to £77m for this year and £95m for next, this just weeks after the same house downgraded the stock.

Slight concern over the chances of overseas, probably US, acquisitions unsettled British Telecom which eased 2 to 264p after turnover of 6.4m. Cable & Wireless added 7 at 378p on turnover of 4m, with the shares said to have been part of a programme trade carried out yesterday. Racal Telecom, also part of the programme, moved up 4½ to a record 205p while Racal Electronic rose 7 to 304p.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	5,300	134	+1½
Allied-Lyons	1,900	458	+4
Amstrad	1,550	164½	-1½
Argyll Group	8,100	175	+7
Am. Brit. Foods	273	312	+3
BAA	3,600	278	+6
BAT	2,975	460	+7
BET	2,120	228	+4½
BICC	1,500	415	+8
BOC	1,500	425	+1
BPB Inds.	5,800	240½	+3½
BTR	1,500	310½	+½
Barclays	2,200	428	+6
Bass	3,300	860	+17
Beazer	2,400	186	
Beecham	3,000	496	+4
Blue Arrow	30,000	90½	
Blue Circle	449	461	+4
Boots	1,100	234	-3
British Airways	4,400	170	+2
Brit. Aerospace	2,600	473	+3
Brit & Comm.	2,000	217	+1
British Gas	8,560	160	
British Land	1,800	342	+12
BP	2,550	256½	-½
British Steel	55,580	65¼	-½
British Telecom	6,400	264	-2
Burmah Oil	682	496½	-1½
Burton	5,600	180	+5
Cable & Wireless	4,000	377	+6
Cadbury Schweppes	472	339	+1
Coats Viyella	2,900	146	-½
Commercial Union	1,100	356	+4½
Cons. Gold Fields	998	1256	+21
Cookson	1,000	274	+2
Courtaulds	1,000	281½	+1½
Dalgety	840	316	+5
Dixons	1,800	135	
Eng. China Clays	1,300	470	+6
Enterprise Oil	783	512	
FKI Babcock	4,400	129	+5
Fisons	1,900	245	+2
Gateway Corp.	6,900	169	+1
General Accident	755	890	+7
General Elect.	16,000	212½	-2½
Glaxo	2,800	1067	
Globe Inv.	1,400	145	+1½
Glynwed Int.	908	275	
Granada	99	336	+1
Grand Met.	3,332	456	+5
GUS A	117	980	+1
GRE	2,200	189½	+3½
GKN	1,600	312	+2
Guinness	5,400	339	+6
Hammerson "A"	3,475	981	+28
Hanson	5,900	158¼	+½
Harrisons & Cros.	121	663	-1
Hawker Siddeley	516	574	+3
Hillsdown Hldgs.	1,000	239	+1
IMI	6,300	199	
Imp. Chem.	2,300	1075	+3
Inchcape	1,100	207	+2
Jaguar	1,100	278	-1
Ladbroke	5,300	439	+8
Land Securities	612	555	+2
Laporte	160	388	
Legal & General	1,300	303	-1
Lloyds Bank	1,400	341	+4
LASMO	616	496	-2
Lonrho	5,600	339	+4
Lucas	618	550	+4
MB Group	1,150	268	-4
MEPC	257	546	+7
Marks & Spencer	1,300	156	+1
Maxwell Comm.	1,000	193	-1
Midland Bank	1,200	428½	+3½
Nat. West. Bank	2,800	551	+4
Next	2,600	140	+4
Northern Foods	1,300	284	+4
Pearson	174	680	+11
Pearl	272	416	-2
P & O	1,309	561	+15
Pilkington	3,300	217	-5
Plessey	6,600	230	-3
Polly Peck	1,400	280	+3
Prudential	2,700	156	+1
Racal	6,100	304	+7
Rank Org.	162	735	+2
RMC	470	524	+3
RHM	1,298	372	+8
Reckitt & Colman	371	943	+3
Redland	1,600	434	
Reed International	1,000	377	+2
Reuters "B"	1,700	558	+3
RTZ	1,900	458	+4
Rolls Royce	6,000	145	+2
Rothmans	770	436	-1
Royal Bk. of Scotland	508	368	+1
Royal Insurance	573	480	+5
STC	1,900	281	+4
Saatchi & Saatchi	985	346½	+½
Sainsbury	435	287	+1
Scott & Newcastle	1,700	480	+1
Sears	9,000	116	+2
Shell Transport	3,300	347	+1
Siebe	699	419	+1
Slough Ests.	358	311	+3
Smith & Nephew	814	125½	+½
Standard Chartd.	1,800	514	+6
Storehouse	10,000	196	+7
Sun Alliance	285	1089	+3
T&N	1,700	173	+4
TSB	3,400	111	+2
Tarmac	2,400	247½	+3
Tate & Lyle	274	851	+4
Tesco	4,500	139½	+2½
THORN EMI	1,100	663	+2
Trafalgar House	3,300	305½	+8½
Trusthouse Forte	3,700	262½	+3½
Ultramar	3,500	294½	+½
Unilever	408	469	-1
United Biscuits	2,298	312½	-1
Utd. Newspapers	1,015	381	
Wellcome	928	447	+14
Whitbread "A"	1,300	315	+1
Williams Hldgs.	833	343	+1
Wimpey	3,900	294	+1¼
Woolworth Hldgs.	1,200	254	+9

BICC made further rapid progress, settling 8 higher at 415p with a stock shortage attributed to the rise over the past couple of sessions. Elsewhere *software group Logica* raced up to close a net 11 firmer at 357p.

British Steel continued the response to broking house buy recommendations – some 56m shares changed hands – after the bullish news regarding increased production, announced earlier this week. In partly-paid form, the price remained around 65¼p.

IMI traded actively (6.3m), although the shares recorded little change on the session, while Rolls-Royce carried on rising (145p), ahead of a Hoare Govett presentation on Monday. TI jumped 12 to 385p with *dealers attributing the move*ment to a squeeze on market supplies, and Davy Corporation rose 7 to 180p following revived takeover hopes.

Spirax-Sarco, which began moving up a few sessions ago on dollar-related influences, surged strongly as speculation took hold of bid possibilities. Several names were mentioned but that of Ciba Geigy, the Swiss group, was heard more than most. The shares closed 11 up for a gain on the week of 30 to 219p.

International City Holdings (ICH) started a speculative run, rising 12 to 90p, following news of a bid approach.

The week ended busily for the Traded Options market, as a total of 53,795 contracts – 40,957 calls and 12,838 puts – were traded. The most active contracts were in Rolls Royce, with 3,602 calls and 1,033 puts, and BP, with 2,865 calls and 33 puts.

■ Other market statistics, including the FT-Actuaries Share Index, Page 9.

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (98).
AMERICANS (3) CSX, California Engy., GATX, CANADIANS (3) Brascan, Hudson's Bay, Seagram, BANKS (1) Bank Scot. 9¼pc Irred Pf., BREWERS (2) Greene King, Macallan-Glenlivet, BUILDINGS (3) Allwoods, Conder Grp., Lafarge Coppee, CHEMICALS (3) Novo Inds. 'B', Perstorp 'B', STORES (1) Underwoods, ELECTRICALS (5) BICC, Jones Stroud, Polytechnic Elect., Racal Telecom, Renishaw, ENGINEERING (5) Cook (Wm.), Firth (G.M.), Hawker Siddeley, Ransomes Sims, TI Grp., INDUSTRIALS (8) Astra AB, Grafton Grp., Huntingdon Int'l. Hldgs., Isotron, Polymark, Sanders & Sidney, Tams, Whatman Reeve, INSURANCE (2) Amer. Int'l. Grp., Trade Indemnity, LEISURE (5) Capital Radio, Fairline Boats, Grampian TVA, Metro Radio, Sunset & Vine, MOTORS (3) Gen. Motors, Volvo, Bostrom, NEWSPAPERS (1) Daily Mail 'A', PAPERS (2) Crown Comms., Saatchi 6¾pc Pf. 2003, PROPERTY (1) Town Centre, SHIPPING (1) Turnbull Scott, TEXTILES (1) Tootal, TRUSTS (33) OILS (3) Arabex Pet., Norsk Hydro, Premier Cons., OVERSEAS TRADERS (1) Sime Darby, PLANTATIONS (1) Anglo-East Plants., MINES (1) ACM Gold.
NEW LOWS (27).
CANADIANS (1) Abbot Energy, BUILDINGS (1) Carron Phoenix, STORES (2) Owen & Robinson, Sock Shop Int'l., ELECTRICALS (4) Isoped, Nesco Inv., Real Time Control, UCL, FOODS (2) Acatos & Hutcheson, Northumbrian Foods, INDUSTRIALS (4) Colorgen, Hewitt (J.), Page (Michael), Sharp & Law, MOTORS (1) March Grp., NEWSPAPERS (1) Southnews, PAPERS (3) City of Lon. PR, Filofax, SPS Conslt., TRUSTS (1) Fashion & Gen., OILS (1) Falmouth Pet., MINES (1) Cons. Murch., THIRD MARKET (1) Rentaminster.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	35	45	31	268	173	116
Corps. Dom. & Foreign Bonds	12	3	36	50	25	180
Industrials	604	256	722	2,618	1,439	3,850
Financial and Props	220	103	347	1,048	475	1,829
Oils	42	14	46	168	77	273
Plantations	2	1	9	11	5	48
Mines	48	25	115	227	177	536
Others	125	39	82	477	291	494
Totals	1,088	486	1,388	4,865	2,682	7,326

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday January 12 1989

Electronics	+	7.07
Agencies	+	5.28
Insurance(Brokers)	+	4.87
Capital Goods	+	4.76
Building Materials	+	4.60
Mechanical Engineering	+	4.40
Electricals	+	4.37
Chemicals	+	4.36
Other Industrial Materials	+	4.23
Contracting,Construction	+	4.07
Banks	+	3.94
Investment Trusts	+	3.81
Brewers and Distillers	+	3.61
Oil & Gas	+	3.54
Shipping & Transport	+	3.49
Metals & Metal Forming	+	3.28
500 Share Index	+	3.26
Industrial Group	+	3.22
Packaging & Paper	+	3.21
Health & Household Products	+	3.14
Publishing & Printing	+	3.14
All Share Index	+	3.13
Mining Finance	+	3.11
Textiles	+	2.92
Other Groups	+	2.73
Telephone Networks	+	2.65
Motors	+	2.62
Leisure	+	2.62
Consumer Group	+	2.58
Financial Group	+	2.58
Insurance(Life)	+	2.55
Food Retailing	+	2.08
Merchant Banks	+	1.84
Food Manufacturing	+	1.82
Insurance(Composite)	+	1.74
Property	+	1.39
Stores	+	1.37
Gold Mines Index	+	1.17
Conglomerates	+	1.02
Overseas Traders	-	0.18

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	108-05	+1/32	10.74	10.89	11.09
		8.750	9/97	92-02	+5/32	10.15	10.23	10.39
		9.000	10/08	97-22	+6/32	9.25	9.34	9.41
US TREASURY *		8.875	11/98	98-23	+17/32	9.07	9.26	9.18
		9.000	11/18	101-02	+29/32	8.90	9.08	9.01
JAPAN	No 111	4.600	6/98	99.1199	+0.130	4.74	4.86	4.59
	No 2	5.700	3/07	109.2688	-0.109	4.75	4.80	4.73
GERMANY		6.750	8/98	100.8750	+0.400	6.65	6.70	6.62
FRANCE	BTAN	8.000	10/93	98.1044	+0.001	8.48	8.53	8.65
	OAT	9.500	5/98	106.4300	+0.260	8.46	8.64	8.77
CANADA *		10.250	12/98	100.3750	+0.625	10.18	10.33	10.23
NETHERLANDS		6.7500	10/98	100.6750	+0.300	6.73	6.69	6.63
AUSTRALIA		12.500	1/98	96.6670	-0.538	13.09	12.94	12.48

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Zinc hits record as nickel retreats

ZINC'S RISE to fresh price records and nickel's continued retreat from its pre-Christmas peak were the most prominent features of London Metal Exchange trading this week. Soft commodities were generally weaker, led by robusta coffee futures, which fell from last week's 11-month highs.

The rise in zinc prices was in response to the appearance of new supply worries, against the long-established background of supply tightness.

Outokumpu, the Finnish metals group, warned this week that it may have to halt zinc deliveries because of a strike at its Kokkola plant, while in Sardinia strike action has forced the closure of a zinc plant run by Nuova Samim, the metallurgical division of Ente Nazionale Idrocarburi, the state energy group.

In Peru meanwhile, workers at Centromin, the state mining company, were threatening a resumption of the strike which ended only a month ago.

Encouraged by these factors, buyers drove up the LME cash price for high grade zinc by \$50.50 to an all-time peak of \$1,688 a tonne, and the three months price advanced by \$54 to \$1,646.50 a tonne.

Peru is also an important producer of copper — accounting for about 5 per cent of non-communist world supplies, compared with about 11 per cent for zinc — but the renewed strike fears seemed to have relatively little impact on this market. In fact, the LME copper market this week tested the bottom end of its recent trading range, with the cash Grade A price reaching £1,850.50 a tonne at Wednes*day's close — more than £150* down from the record level reached last month.

The price then staged a modest rally, however, encouraged by yesterday's news of an explosion in the flash oven at the important Chiquicamata mine in Chile. The LME cash price rose £7 yesterday to £1,869.50 a tonne, but that was still £38 down on the week.

The nickel market's strength over the past year has been based largely on the extremely low level of stocks, a situation which was expected to be exacerbated by a plant breakdown, announced just before Christmas, at Inco's Indonesian subsidiary. That news had encouraged a fresh upsurge which lifted the LME cash price to within \$2,000 of last March's \$22,200-a-tonne record.

It came as a considerable surprise, therefore, when the exchange announced on Monday that stocks in its registered warehouses had risen by 4,224 tonnes last week to 6,768 tonnes, the highest level for 18 months. Although that could still not be regarded as a comfortable level traders immediately cut the cash price by \$1,200 a tonne.

The price recovered some ground in mid-week, but yesterday the emergence of fresh speculation about further stock rises pushed it down again by \$475, leaving the metal \$1,500 lower on the week at \$16,250 a tonne.

Uncertainty was also the chief feature of London'd robusta coffee futures market. Some traders saw this week's price fall as signalling the end of the recent bull run, while others insisted it was only a technical correction and that *the market's underlying* strength was still intact.

The bulls just about had the edge yesterday, when the March delivery position rallied by £8 to £1,166 a tonne — but that still represented a fall of £104 on the week.

Nothing happened on the fundamental front this week to explain the market reversal. On the contrary, the concern about Brazilian crop prospects, which had been driving the market, might have been expected to be heightened by a new estimate from the country's Commerce and Industry Minister putting the 1989-90 harvest at 18m bags (60 kg each) or less. That was at the bottom end of trade forecasts and well below the Brazilian Coffee Institute's recent estimate of 22.9m bags.

London traders seemed to take the view, however, that weather damage to next season's Brazilian crop, originally forecast at about 40m bags, had already been taken fully into account, and that further substantial rises were not to be expected. Ironically, the Commerce Minister's gloomy forecast may have contributed to the price slide as the market's failure to respond bullishly persuaded some speculators that the time had come to take their profits.

There was also some irony in the cocoa market's slide this week, which left the May position £53 down at £807 a tonne. That was because the fall was influenced by concern that cocoa bought by Sucres et Denrees, the Paris trader, in a presumed market support operation, might soon find its way back onto the market. At an EC meeting in Brussels on Thursday the French Government continued to insist that it had played no part in financing the deal.

Richard Mooney

APPOINTMENTS

Rover Group restructure

THE ROVER GROUP has formed a single management structure for all Rover Group, Austin Rover and Land Rover activities as follows: chairman - Sir Graham Day; managing director - Mr George Simpson; Austin Rover commercial director - Mr Kevin Morley; corporate affairs director - Mr J.M. Pullen; design and concept engineering director - Mr Roy Axe; finance director - Mr Tony Rose; Land Rover commercial director - Mr Chris Woodwark; manufacturing director - Mr Andy Barr; personnel director - Mr Frank Saundry; product development director - Mr John Towers; quality director - Mr Alan Curtis; strategic planning director - Mr Roland Bertado. The new structure replaces the previous *management organisation* within Rover Group, Austin Rover and Land Rover; the members are drawn from Rover Group, Austin Rover and Land Rover senior managers, and with the exception of commercial activities- will operate on an integrated basis across the whole group. Commercial activities, which include marketing and sales and relationships with dealers and customers will continue to operate as separate Austin Rover and Land Rover activities within the Group organisation.

The above management group, with the addition of Mr Mike Carver, executive board member responsible for liaison with Honda, Mr Bernard Friend, non-executive director and former finance director of British Aerospace, and Mr Les Wharton, executive board member responsible for affiliates, *constitute the board of* the Rover Group. Miss S.D. Windridge continues as company secretary.

Finance director of Abbey National

■ AT ABBEY NATIONAL BUILDING SOCIETY Mr James Tyrell, general manager finance, has been appointed finance director and joins the board.

Mr Martin E. Llowarch, chief executive of British Steel, has been made a non-executive director.

■ NETWORK SOUTHEAST has appointed Mr James Vine to the new post of project director, Networker EMU, responsible for the development of the new *electric multiple unit train.* He was mechanical and electrical engineer (resource management).

■ Mr R.H. Ranson, a director of THE EQUITABLE LIFE ASSURANCE SOCIETY, has been appointed deputy general manager and joint actuary. Assistant general managers Mr R.Q. Bowley, administration, Mr S.M. Khnis, marketing, and Mr D.G. Thomas, investment, have been appointed directors.

■ Mr Harford Robb has been appointed a non-executive director of STANLEY MILLER HOLDINGS. He was a partner with Arthur Andersen and Co.

■ WENTWORTH INTERNATIONAL GROUP has appointed Mr Simon Davies as group financial director designate. He was with Arthur Andersen.

■ ADWEST GROUP has appointed Mr B.R.L. Easton as engineering director of its subsidiary MPE. He was with the Ministry of Defence.

■ *B.H. BLACKWELL*, Oxford, has appointed Mr Peter Bagnall as a director responsible for retailing. He was with W.H. Smith.

■ ELGA GROUP has appointed Mr Peter Ryan as chairman. He was an executive director of Thomas Tilling.

■ SHEARSON LEHMAN HUTTON GILTS has appointed Mr Peter Hayward, of Morgan Grenfell Gilts, as director - gilt sales.

■ Mr J.W. Anderson, chief production manager, has been promoted to production director of the BRITISH NEWSPAPER PRINTING CORPORATION (SCOTLAND), a Maxwell company.

■ Mr Charles Barrow, commercial development director, has been appointed to the main board of MERRIVALE MOORE.

■ Mr Simon F. Westmacott has been appointed a director of STANDARD CHARTERED MERCHANT BANK. Mr Jasper J.F. Balkwill, Mr Andy C. Brown and Mr Alan S. Findlay have been appointed assistant directors.

■ Mr Geoff Potton, managing director of Bryant Homes Southern, and Mr Mick Noble, managing director of Bryant Homes Central, have both been appointed to the board of BRYANT HOMES.

■ SPRAYBAKE has appointed Mr R.S. Skinner its managing director.

■ SHEARWATER PROPERTY HOLDINGS has appointed Mr Michael Russell as finance director. The company is part of the Rosehaugh Group.

■ Mr Ian Hay Davison has been appointed chairman of CL-ALEXANDERS LAING & CRUICKSHANK GILTS and CL-ALEXANDERS LAING & CRUICKSHANK DISCOUNT. Mr George Gibson has become chief executive of CL-Alexanders Laing & Cruickshank Gilts.

■ Mr Anthony C. Barnes has been made commercial director at THE BIRMINGHAM BATTERY AND METAL CO.

■ Mr Roger Wright, founder and managing director of the Retail Audits Group, has joined HUGHES OVENS AND HEWITT as a director.

Mr Stephen Barrett (above) has been appointed to the main board of LLOYDS MERCHANT BANK. He is also a director of Lloyds Merchant Bank Corporate Finance. Mr John Kent and Mr Derek Shil*ling have been appointed* assistant directors, corporate finance. Miss Karen Hewitt and Mr Robert Litchfield have been appointed assistant directors of Lloyds Bank Stockbankers.

■ Mr William S. Bath has been appointed a director of the TIPTON & COSELEY BUILDING SOCIETY. He succeeds Mr John A. Parker, a former chairman, who has retired. Mr Bath set up his own business, Bath Rowley & Glover, in Birmingham in 1982.

■ Mr Leo Finn, general manager and secretary, has become an executive director of NORTHERN ROCK BUILDING SOCIETY.

■ GEORGE WIMPEY has appointed Mr D.J. Holland, chairman, and Mr K.R. Charlton, managing director of Wimpey Leisure, based in Hammersmith.

■ Lord Rockley has been made a non-executive director of CHRISTIES INTERNATIONAL. He is vice chairman of Kleinwort Benson Group.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	44.34	44.82	47.68	+0.6	5.75
Gilts & Fixed Int	6	111.2	111.2xd	118.0	-0.1	8.47
High Inc Equity	6	116.4	118.6xd	126.8	+1.2	4.69
Worldwide Bond	6	187.7	187.7	199.0	+0.9	4.87
Capital Growth						
American Growth	6	149.9	151.00xd	161.4	+2.9	1.34
Asian Pacific	6	71.08	72.24xd	77.26	+0.43	1.40
Assets & Earnings	6	137.4	141.4	150.4	+1.2	2.65
Capital Reserve Acc	0	81.18	81.18	81.34	-0.13	4.92
Comdty & Energy	6	92.45	92.45	98.88	+2.15	0.00
1992 Enterprise	6	47.37	48.32	51.40	+0.58	3.50
European Capital	6	75.53	75.99	80.83	+0.7	0.93
General	6	154.1	156.9	166.9	+2.2	2.70
Japan	6	102.0	103.7	110.3	+0.9	0.00
Mastertrust	6	74.06	74.06	79.21	+0.83	1.87
UK Growth Acc	6	171.3	179.2	190.6	+1.3	1.40
UK Growth Dist	6	115.0	120.3	127.9	+0.9	2.08
US Emerging Cos	6	44.53	44.53	47.63	+0.87	1.00
Income & Growth	6	257.5	263.3	280.1	+2.4	3.39
Ethical	6	42.53	43.53	46.30	+0.66	2.70

Abtrust Management Ltd (1000)H

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	164.4	164.4	170.4	....	4.74

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT 01-588 2868

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5	56.35	57.88	61.41	-0.06	1.85
(Accum Units)	5	57.163	58.71	62.29	+0.34	1.85
Fellowship Tst	5	58.92	60.56	64.25	+0.42	1.94
(Accum Units)	5	60.06	61.72	65.49	+0.43	1.94
General Inc	5	259.8	266.5	282.7	+10.2	2.67
(Accum Units)	5	432.2	443.1	470.1	+16.7	2.67
Income	5	137.0	141.0	149.6	+0.05	4.56
(Accum Units)	5	261.9	269.4	285.8	+0.09	4.56
International	5	107.6	107.6	113.8	+1.1	1.60
(Accum Units)	5	145.8	145.8	154.2	+1.5	1.60
Smaller Co's	5	92.04	94.50	100.3	+0.42	1.42
(Accum Units)	5	100.67	103.6	109.7	+0.4	1.42
Inv Portfolio	2½	48.29	49.95	51.60	+0.78	3.82

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-490 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sht Dtd Gilt & FI	1¼	52.62	52.62	53.36		-0.36

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5¼	46.96	46.96xd	51.05	+0.44	2.70
Global Tst	5¼	38.30	38.30	41.12	+0.26	2.30
Recovery Tst	5¼	49.09	49.09	54.31	+0.28	2.61

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	93.81	95.23xd	100.5	+0.81	3.42

Elcon Ltd (1600)F

Equitable Units Admin Ltd (1600)F

Equity & Law Unit Tst Mngrs (1200)H

Providence Capital Fd Mgrs Ltd (1000)H
30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Worldwide Inc	6	75.89	75.89	82.24	+0.44	0.71
Worldwide Acc	6	78.88	78.88	85.49	+0.46	0.71
UK Equity Inc	6	68.38	68.38xd	74.43	+0.67	2.45
UK Equity Acc	6	73.83	73.83xd	80.36	+0.72	2.45
European Inc	6	91.52	91.52	98.82	+0.21	1.01
European Acc	6	94.79	94.79	102.30	+0.2	1.01
Nth American Inc	6	50.53	50.53	54.90	+0.79	2.73
Nth American Acc	6	52.02	52.02	56.52	+0.8	2.73
Japan Inc	6	111.00	111.00	119.50	+1.0	0.00
Japan Acc	6	111.20	111.20	119.80	+1.0	0.00
UK High Inc Eq Inc	6	61.92	61.92xd	67.56	+0.55	5.29
UK High Inc Eq Acc	6	68.37	68.37xd	74.60	+0.61	5.29
Hong Kong Inc	6	42.61	42.61	46.04	-0.24	1.82
Hong Kong Acc	6	43.49	43.49	47.00	-0.25	1.82
Swiss Equities Inc	6	32.08	32.08	34.65	+0.01	0.69
Swiss Equities Acc	6	32.36	32.36	34.95	+0.01	0.69
W'wide Bond Inc	6	51.33	51.33	54.91	+0.15	4.39
W'wide Bond Acc	6	52.16	52.16	55.79	+0.15	4.39
Emerging Asia Inc	6	53.41	53.41	57.79	+0.89	0.00
Emerging Asia Acc	6	53.41	53.41	57.79	+0.89	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

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Wardley Unit Tst Mngrs Ltd

99, Bishopsgate, London, EC2P 2LA

	Init. Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	56.90	56.90	60.85	[illegible]	1.8
Intl Growth	5¼	69.81	69.81	74.66	+1.32	0.4
Income	5¼	115.7	117.9	[illegible]	[illegible]	[illegible]
Japan Growth	5¼	208.9	208.9	221.4	[illegible]	0.1
Pacific Perf	5¼	125.8	[illegible]	134.3	[illegible]	0.6
Small Co's	5¼	137.0	137.0	146.5	[illegible]	1.6
Technology	5¼	29.49	29.49	32.75	[illegible]	1.7
Australia	5¼	60.96	60.96	65.12	[illegible]	[illegible]
UK Trust	5¼	161.9	161.9	173.1	+1.10	2.8
European Growth	5¼	32.52	32.92	34.86	[illegible]	0.1
Hong Kong	5¼	32.26	32.26	34.50	[illegible]	1.6
Intl Income	5¼	19.42	19.47	[illegible]	[illegible]	[illegible]
[illegible]	5¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Winners	5¼	23.09	23.09	[illegible]	[illegible]	2.6

Waverley Unit Tst Mngmt Ltd

13 Charlotte Sq, Edinburgh

Wellington Fund Mngrs Ltd

2, London Bridge, SE1 01-407 4404

Wessex Asset Management

Whittingdale Unit Tst Mgmt Ltd

2 Honey Lane, London EC2V 8BT

Willbro Financial Services Ltd

Windsor Trust Mngrs Ltd

83 Kingsway, London, WC2B 6SD

Wright Seligman Fund Mngrs Ltd

The Yorkshire Unit Tst Mngrs Ltd

OTHER UK UNIT TRUSTS

INSURANCES

Albany Life Assurance Co Ltd

3 Darkes Lane, Potters Bar EN6 1AJ

	Bid Price	Offer Price	+ or -
Brit Blue Chip Fd Acc	117.5	123.7	+1.5
Equity Fd Acc	918.4	966.7	+9.2
European Fd Acc	205.9	216.7	+1.3
Intl Fxd Int Fd Acc	197.9	208.2	-0.2
Fixed Int. Acc	335.3	352.9	-0.3
Gtd Money Fd Acc	227.3	239.2	+0.1
High Income Fd Acc	104.4	109.8	-0.1
Intl Man Fd Acc	368.0	387.3	+2.4
Japan Fd	298.4	314.1	+2.2
UK Smllr Co's Fd Acc	103.5	108.8	+0.3
Global Metro	97.2	102.2	+0.3
UK Metro	98.4	103.5	+0.4
Nth American Fd Acc	162.7	171.2	+1.2
Pac. Basin Fd Acc	132.8	139.8	+0.7
Prop. Fd Acc	311.0	327.3	—
Multiple Inv Acc	634.6	668.0	+4.6
Pension Funds			
Brit Blue Chip Acc	124.7	131.2	+2.1
Eq Pen Fd Acc	1725.3	1816.0	+23.4
Euro Fd Acc	255.8	269.2	+2.7
Fixed Int. Acc	676.4	711.9	-0.3
Gt Money Pn Acc	401.5	422.6	+0.2
High Interest	134.3	141.3	—
High Income Fd Acc	107.6	113.2	[illegible]
Intl Man Fd	540.3	568.7	+4.8
Jap Pen Fd Acc	425.0	447.4	+4.4
UK Smllr Co's Fd Acc	105.6	111.1	+0.4
Global Metro	98.5	103.6	+0.5
UK Metro	100.2	105.4	+0.6
N Am Pn Fd Acc	190.1	200.1	+2.0
Pac Basin Fd Acc	149.0	156.8	+1.0
Property	522.1	549.5	—
Multiple Inv Pens Acc	1239.6	1304.8	+12.1
[illegible]	87.7	92.3	+0.8
[illegible]	111.3	117.1	+0.7
[illegible]	138.7	145.9	+1.7

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL

	Bid Price	Offer Price	+ or -
Fixed Int. Dep. Acc	253.1	266.5	+0.1
Equity Acc	753.0	792.7	+2.8
Property Acc	476.9	502.1	+0.1
Far East Acc	188.2	198.2	-0.3
[illegible] Acc	19.9	21.0	+0.1
Managed Acc	601.9	633.6	+1.8
Managed Cap	343.6	361.7	+1.0
[illegible] Acc	494.3	520.4	+2.0

Canon Assurance Ltd

Crown Financial Management Ltd—Contd.

General Portfolio Life Insur Plc

Hill Samuel Life Assur. Ltd—Contd.

London & Manchester Group

Midland Life Limited

City of Edinburgh Life Assurance

Crusader Insurance Plc

Britannia Life

Assicurazioni GENERALI SpA

Imperial Life Assurance Co of Canada

City of Westminster Assurance

Clerical Medical/Fidelity International

Eagle Star Insurance Co Ltd

Eagle Star Inter./Midland Assur.

Economic Insurance Company Ltd

Edinburgh Money Management Ltd

Equitable Life Assurance Society

Equity & Law

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

FS Assurance Limited

Family Assurance Society

Framlington Life Insurance Ltd

Friends' Provident

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

GT Management Ltd

General Accident Linked Life Assurance

Criterion Assurance Group

Crown Financial Management Ltd

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

The LAS Group

Lancashire & Yorkshire Assce Society

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London & Edinburgh Life Assurance

London Indemnity & Gnl. Ins. Co Ltd

London Life

Irish Life Assurance Co Plc

Manufacturers Life Insurance Co

Merchant Investors Assurance Co Ltd

M & G Life and M & G Pensions

MGM Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Norwich Union Life Insurance Soc.
PO Box 149, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Pensions				
With Profits Fd	110.34	116.15	+0.04	-
Managed Fd	119.92	126.24	+0.34	-
UK Equity Fd	120.58	126.93	+0.62	-
International Fd	126.84	133.52	+0.26	-
European Fd	118.22	124.44	+0.25	-
North American Fd	115.97	122.07	-0.70	-
Pacific Fd	125.27	131.86	-0.59	-
Property Fd	125.76	132.37	+0.01	-
Fixed Int Fd	101.53	106.87	-0.04	-
Intl Bond Fd	104.49	109.99	-0.05	-
Bldg Soc Dep Fd	104.95	110.48	+0.04	-
Pensionmaster & Unit-Linked Pns				
Fixed Interest Fund	286.5	301.5	+2.7	-
Index-Linked Sec Fund	155.2	163.3	+1.7	-
Ordinary Share Fund	469.8	494.5	+12.9	-
International Fund	136.3	143.5	+4.4	-
Property Fund	213.4	224.6	+0.2	-
Deposit Fund	188.0	197.9	+0.4	-
Mixed Fund	328.4	345.7	+7.5	-
Norwich Units October 15		772.28		-

*Prices as at January 10

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	179.5	189.0	-	-
Prop. Acc. (Gross)	302.3	318.3	-	-
Equity (Gross)	661.2	696.0	+7.8	-
Managed (Gross)	485.0	510.6	+4.2	-
Prop Acc. (Net)	139.9	147.3	-	-
Equity (Net)	156.4	164.6	+1.3	-
Managed (Net)	149.4	157.3	+1.0	-
Internat'nal (net)	134.9	142.0	+1.2	-
Gilt & Fxd Interest	101.5	106.9	-0.2	-
Money Fund	103.1	108.6	+0.1	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	463.6	488.1	+4.8	-
Ret Man (Series 2)	157.3	165.6	+1.7	-
Ret Man (Series 3)	103.7	103.7	+1.0	-
Ret Cash	129.2	136.0	-	-
Ret Cash (Series 3)	106.1	106.1	-	-

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or -	Yield Gross
Life Assurance Funds				
Wealth Assd	392.8	413.6	-	-
Eb'r Ph. Eq	326.8	347.6	-	-
Pension Plan Funds				

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	915.4	961.2	+5.2	-
Equity Fund	202.4	212.5	+2.0	-
International Fd	139.5	146.5	+0.1	-
Fixed Interest Fd	151.4	159.0	-0.2	-
Property Fund	209.6	220.1	-	-
Index-Linked Fund	132.3	138.9	-0.2	-
Deposit Fund	132.6	139.2	-	-
Pens Mixed (Ord) Fd	213.0	223.7	+1.2	-
Gold Pensions				
Discretionary Fund		103.4	+0.6	-
Equity Fund		99.2	+0.9	-
Fixed Interest Fund		104.6	-0.1	-
International Fund		104.5	+0.1	-
Property Fund		126.8	-	-
Index-Linked Fund		108.4	-0.1	-
Deposit Fund		105.1	-	-
S & F Consolidation		102.6	-0.1	-
S & F Balanced		102.5	+1.0	-
S & F Maximum Growth		93.7	+0.5	-

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	298.2	313.9	+0.6	-
Managed Init	243.1	255.9	+0.4	-
Equity Ord	409.2	430.7	+1.1	-
Equity Init	333.7	351.3	+1	-
Index Linked Gilt Ord	131.2	138.1	-	-
Index Linked Gilt Init	111.7	117.6	-	-
Overseas Equity Ord	273.7	288.1	+1.5	-
Overseas Equity Init	223.2	234.9	+1.2	-
Property Ord	189.7	199.7	-	-
Property Init	154.7	162.8	-	-
Fixed Interest Ord	173.2	182.3	-	-
Fixed Interest Init	141.2	148.6	-0.1	-
Deposit Ord	139.2	146.5	+0.1	-
Deposit Init	113.5	119.5	-	-
Pension Funds				
Managed Ord	361.9	380.9	+0.9	-
Managed Init	295.1	310.6	+0.7	-
Equity Ord	514.0	541.1	+1.7	-
Equity Init	419.2	441.3	+1.4	-
Pen Ind Lkd Gilt Ord	142.0	149.5	-	-
Pen Ind Lkd Gilt Init	121.0	127.4	-	-
Overseas Equity Ord	312.9	329.4	+2	-
Overseas Equity Init	255.2	268.6	+1.7	-
Property Ord	226.2	238.1	-	-
Property Init	184.5	194.2	-	-

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY AUTHORISED

JERSEY AUTHORISED

BERMUDA AUTHORISED

OFFSHORE INSURANCES

IoM AUTHORISED

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102½	99	Treas 11½pc 1989	99	......	11.53	12.93
101	98	Treas 9½pc Cnv 1989	99	......	9.58	12.71
97¾	95	Treas 3pc 1989	97¾	+	3.07	10.62
102	98	Treas 10½pc 1989	99	-	10.59	12.59
102	98	Exch 10pc 1989	98	......	10.12	12.54
103	98	Exch 11pc 1989	99	-	11.10	12.28
97	94	Treas 5pc 1986-89	98	......	5.21	10.66
104	98	Exch 10¼pcCv '89	99	-	10.31	11.02
107½	101	Treas 13pc 1990	101	-	12.84	11.67
104	99	Exch 11pc 1990	99	-	11.08	11.60
107	100	Exch. 12½pc 1990	100	-	12.38	11.60
93	90	Treas. 3pc 1990	91	......	3.28	10.05
99	95	Treas 8¼pc 1987-90	95	-	8.60	11.49
102	95	Treas. 8pc Cv 1990	96	-	8.28	10.57
103	97	Treas. 10pcCv 1990	97	......	10.21	11.29
91	87	Exch 2½pc 1990	88	......	2.83	9.58
107	100	Treas 11½pc 1991	100	+	11.64	11.21
95	89	Funding 5¾pc '87-91	90	......	6.37	10.77
90	86	Treas. 3pc 1991	86	......	3.47	9.63
105	97	Treas 10pc Cv '91	98	......	10.16	10.76
107	98	Exch. 11pc 1991	99	......	11.08	10.98
98	91	Treas. 8pc 1991	92	......	8.62	10.94
113	103	Treas 12¾pc 1992	105	......	12.14	10.74
104	96	Treas 10pc 1992	97	......	10.22	10.80
98	91	Treas. 8pc 1992	92	+	8.65	10.28
106	98	Treas 10½pc Cv 1992	99	+	10.57	10.72
86	81	Treas. 3pc 1992	82	+	3.62	8.99
112	102	Exch. 12¼pc '92	104	+	11.76	10.79
117	106	Exch 13½pc 1992	108	......	12.49	10.77
97	91	Treas 8¼pc 1993	92	+	8.93	10.58
105	96	Treas 10pc 1993	98	-	10.17	10.50
115	105	Treas 12½pc 1993	106	+	11.73	10.64
93	85	Funding 6pc 1993	86	+	6.99	9.83
121	110	Treas 13¾pc 1993	111	......	12.33	10.64

Five to Fifteen Years

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101	90	Treas. 8½pc 1994	92	+	9.24	10.58
94	90	Treas 8½pc 1994 A	92		9.21	10.52
125	113	Treas 14½pc 1994	115	......	12.59	10.60
120	109	Exch 13½pc 1994	111	......	12.16	10.71
105	96	Treas. 10pc Ln. 1994	98	-	10.18	10.43
116	106	Exch. 12½pc 1994	107	-	11.62	10.66
101	92	Treas 9pc 1994	94	-	9.54	10.30
114	104	Treas 12pc 1995	106	-	11.29	10.57
83	77	Exch 3pc Gas 90-95	79	......	3.77	7.10
106	97	Exch. 10¼pc 1995	99	-	10.33	10.42
120	109	Treas 12¾pc 1995	110	-	11.49	10.46
126	114	Treas. 14pc '96	116	+	12.02	10.60
101	92	Treas. 9pc 1992-96	94	+	9.55	10.15
133	122	Treas 15¼pc 1996	123	+	12.33	10.51

BRITISH FUNDS—Contd

Undated

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
44	41	Consols 4pc	43	-	9.16	-
40	37	War Loan 3½pc	39	-	8.93	-
62	48	Conv. 3½pc '61 Aft	61	-	5.73	-
33	30	Treas. 3pc '66 Aft	32	-	9.30	-
28	26	Consols 2½pc	27	-	9.07	-
29	26	Treas. 2½pc	27½	-	9.09	-

Index-Linked

1988/89 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
124	117½	Treas 2pc IL '90(84.6)	124	+	1.21	3.63
105	99	Do. 2pc '92(97.8)	103	+	3.08	3.82
96	92	Do. 2 '94 (102.9)	95	+	3.37	3.83
142	127	Do. 2pc '96(67.9)	139	+	3.45	3.78
121	103	Do 2½pc '01(78.3)	119	......	3.56	3.78
118	101	Do. 2½pc '03(78.8)	116	......	3.61	3.81
120	102	Do. 2pc '06(69.5)	118	......	3.65	3.81
113	95	Do. 2½pc '09(78.8)	111	......	3.64	3.79
117	99	Do. 2½pc '11(74.6)	116	......	3.62	3.77
97	82	Do. 2½pc '13(89.2)	96	......	3.61	3.74
105	88	Do. 2½pc '16(81.6)	101	-3	3.57	3.71
103	87	Do. 2½pc '20(83.0)	102	......	3.52	3.63
87	73	Do. 2½pc '24(97.7)	86	......	3.47	3.58

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1988:105.8 and for November 1988:110.0

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
109	100	African Dv Bk 11¼Ln 2010	104	+	10.66	10.60
104	96	Asian Dev Bk 10¼pcLn2009	100	+	10.21	10.20
129	120	Australia 13½pc 2010	125½	+	10.76	10.50
112	103	Do. 11¾pcLn2015	109	-	10.42	10.35
110	103	Euro Inv Bk 11pc Ln 2002	104	+	10.57	10.43
105	98	Do. 10¼pc2004	100	+	10.36	10.35
120	112	Int-Am Dev Bk 12½pc 2003	114	+	10.94	10.53
98	91	Do. 9¼pcLn 2015	95	-	10.17	10.20
96	86	Mlysia 10¾pcLn 2009	94	......	11.46	11.53
121	87	Mexican States 16½pc 2008	118	......	13.98	13.80

CORPORATION LOANS

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
111	100½	Birmingham 13½pc 1989	100½	......	13.43	11.20
115½	101	Do. 11½pc 2012	107½	......	10.70	10.60

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

OTHER OFFSHORE FUNDS

World Capital Gwth Fd-SICAV
World CapGwthFd | $12.09 | 12.73 | ...... | 0.79
Inv Adv Warburg Asset Mngt London

World Fund S.A.
World Fund NAV Jan 12 | $22.67 | +0.15 | -

World Natural Resources
NAV Jan 12 | $9.68 | +0.07 | -

Worldinvest (Managers) Jersey Ltd
Worldinvest Inc | $228.62 229.76 | +0.45 | 7.64
Valued weekly on Wednesdays

Yamaichi Capital Mngmt (Guernsey) Ltd
Japan Mega Growth | $13.92 | -0.03 | -
Yamaichi OSI Fund | $14.32 | ...... | -
Yamaichi ISS Fund | $11.58 | -0.01 | -
Yamaichi CB Plus Fund | $9.92 | +0.02 | -
Thai Inv Fund | $8.78 | ...... | -

Yamaichi Dynamic Mngt Co SA
Advanced Tech | $25.60 | +0.39 | -
Dynamic Grth Fd | $23.18 | +0.37 | -

Money Market Trust Funds

	Gross	Net	Cr Equiv CAR	Int Cr
Charities Aid Fndn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3			01-283 6461	
CAFCASH Call Fund	12.17	9.34	12.99	3-mth
CAFCASH 7-day Fund	12.58	9.65	13.34	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	12.40	-	12.99	3-Mth
Gartmore Money Management Ltd				
61 Queen St, London, EC4R 1PH.			01-236 1425	
Call Fnd	12.44	9.55	13.04	6-Mth
7-day Fund	12.67	9.72	13.28	6-Mth
Dollar	7.87	6.04	8.24	3-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
AAB-Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-629 6802	
HICA (£2000+)	12.50	9.59	13.37	Mth

LONDON SHARE SERVICE

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AMERICANS—Contd

1988/89 High	Low	Stock	Price £	+ or —	Div Gross	C'vr	Y'ld Gr's
154p	44p	♦Unilab	139p	—6	—	—	—
24 7/16	17 5/8	Utd. Technologies	23½	+¾	$1.60	—	3.8
163p	27p	♦UUltech Inc	150p	+4	—	—	—
34⅜	26¼	US West‖	32¼	+⅝	$3.52	—	5.9
24⅞	16⅞	Waste Management $1	23 [illegible]		48c	—	1.1
16⅞	12⅞	Whirlpool $1	14⅞		$1.10	—	4.3
20⅝	15 [illegible]	Whitman Corp	19 [illegible]		96c	—	2.8
33¼	18¼	♦Woolworth $3½	30 [illegible]	—½	$1.64	—	3.0

CANADIANS

1988/89 High	Low	Stock	Price £	+ or —	Div Gross	C'vr	Y'ld Gr's
309p	134p	♦ABM Gold Corp ‖	135p	+1	—	—	—
32p	4½p	♦Abbot Energy Corp	4½p	—½	—	—	—
14¼	882p	♦Amer. Barrick Res.	10¼	—¼	—	—	—
10p	2½p	♦Amer. Lightwave ‖	2½p		—	—	—
47p	7½p	♦Armeno	13½p	+½	—	—	—
76p	24p	♦Angnaltco Expln.	33p	—1	—	—	—
14⅜	10⅝	Bk. Montreal ‖	13½	+¼	$2.00	—	6.7
769p	514p	Bk. Nova Scot. ‖	664p	+4	84c	—	5.8
18¼	15¼	BCE ‖	17½	+⅛	$2.44	—	6.3
716p	527p	♦Bow Valley‖	629p	—8	♦40c	—	2.9
13¼	10½	♦Brascan‖	13¼	+⅛	88c	—	2.9
328p	177p	♦Breakwater Res.	184p		10c	—	2.5
12¼	801p	Can. Imp Bank‖	11½	+¼	$1.16	—	4.6
11½	841p	Can. Pacific ‖	10½		76c	—	3.3
41½	38½	Do. 4pc Deb £100	38½		4%	—	10.4
515p	357p	Central Capital "A" ‖	388p	+3	—	—	—
485p	313p	♦Corona Corp.	376p	+8	—	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ..... γ	67	......
Craig & Rose £1 ..... γ	718	......
Finlay Pkg. 5p ..... γ	86	+1
Holt (Jos) 25p ..... γ	1398	−5

IRISH

Cap. 8½% Ln. 1991	£99½	......
9pc Cap Ln. 1996	£100¼	......
Fin. 13% 97/02	£124¼	......

Arnotts	380	......
Carrol (P.J.) ..... γ	147	......
For Grafton Group see Industrials (Misc)		
Hall (R. & H.)	153	+1
Helton Hldgs ..... γ	64	......
Irish Ropes	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	49
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	49
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord.	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen.	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
MEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50
Peachey	54

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	48

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend January 14/January 15 1989

Minister to meet PLO in Mid-East peace initiative

By Andrew Gowers, *Middle East Editor*

MR WILLIAM WALDEGRAVE, Minister of State at the Foreign Office, was yesterday preparing to sound out the Palestine Liberation Organisation on the possibility of local elections in the Israeli-occupied West Bank and Gaza Strip as a first step towards Arab-Israeli peace negotiations.

Mr Waldegrave was due to hold the first meeting of a British minister with Mr Yassir Arafat, the PLO chairman, in Tunis last night or today.

The question of elections in the Israeli-occupied territories, which is believed to be under consideration by the new coalition government in Jerusalem, was expected to be among the "practical steps" towards peace talks which Mr Waldegrave has said he wants to discuss with both the PLO and Israel.

Britain, which last month ended a five-year freeze on ministerial contacts with the PLO, is looking for ways of encouraging Israel to respond to recent conciliatory gestures by Mr Arafat while US Middle East policy is in transition between the Reagan and Bush administrations.

Officials say the British Government is working in tandem with a European Community initiative beginning this weekend with a visit to Israel by Mr Francisco Fernandez Ordonez, the Spanish Foreign Minister and current chairman of the Council of Ministers.

The Europeans' first priority is either to soften or circumvent Israel's persistent refusal to talk to the PLO.

Local elections in the territories, to choose representatives to negotiate on their inhabitants' behalf, is one possible way of so doing being canvassed in Whitehall. The last West Bank local elections were held in 1976, and showed overwhelming support among the population for the PLO.

"This is a difficult area, but it could be a significant one because it is important somehow to devise a valid negotiating group which would represent Palestinians within and outside the occupied territories and be acceptable to Israel," said an official yesterday.

"If we can square this particular circle, we might be on the way to substantive negotiations."

However, it is not clear whether Mr Arafat, who wants Israel to negotiate in an international conference with the PLO, will approve of electing local Palestinian leaders.

Banks fail to halt rise in dollar

By Peter Norman and Janet Bush

CENTRAL BANKS yesterday failed to brake the dollar's recent sharp rise, after taking advantage of lacklustre US December retail sales data to sell the US currency.

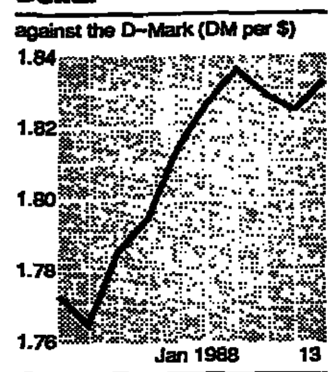
The intervention, which involved all the Group of Seven central banks except the Bank of Japan and the central banks of four smaller industrialised countries, took place in Europe in two waves during the afternoon, after a morning in which the dollar had moved higher.

The co-ordinated dollar sales were conducted aggressively, with several normally reticent central banks confirming that they had been active in the market. However, the intervention was modest and took place in relatively thin trading. European monetary officials estimated that the first bout of dollar sales totalled around $300m but that the second wave was smaller.

Attention focused on the dollar/D-Mark exchange rate after Mr Gerhard Stoltenberg, the West German finance minister, was reported overnight to have said that the dollar's recent range, at around DM1.80, was completely realistic.

Dollar

against the D-Mark (DM per $)



His remarks during a Washington visit triggered strong dollar buying in the Far East and pushed the US currency sharply higher in Europe during the morning. The central banks stepped in to stop the dollar's rise at around DM1.8350.

The US currency closed in London at DM1.8320 and Y126.65, compared with DM 1.8255 and Y126.15 on Thursday night, to show an advance of around 3.6 per cent against the D-Mark so far this year.

In New York currency trading, the dollar was quoted at DM1.8380 by midsession, well above an earlier low of DM1.8245, and at Y127.05, its session high against the Japanese yen.

Mr Stoltenberg's remarks, which appeared to validate the dollar's recent rise through the DM1.80 level, caused some surprise and irritation among central banks.

The dollar's buoyancy yesterday could also have provided ammunition for a growing number of officials in the Bundesbank who believe that a rise in the West German discount rate from its present 3.5 per cent level may be necessary in the near future. The Bundesbank's decision-making central council meets to discuss monetary policy next Thursday.

However, the Bundesbank and currency markets will first look closely at developments in the US, where next Wednesday's release of merchandise trade figures for November will be scrutinised for signs of a slowdown in economic growth.

It was yesterday's disclosure that retail sales in the US rose only 0.2 per cent in December, compared with analysts' expectations of a gain of around 1 per cent, that caused the dollar to stumble and opened the way for the central banks to remind the market that currencies can fall as well as rise.

US Treasury bonds surged by as much as a full point in New York trading yesterday morning, because of the December retail sales figures and the dollar's resistance to the central bank intervention.

By midsession, bond prices had slipped from their highs and long-dated maturities stood around ⅞ of a point higher. The Treasury's benchmark long bond was quoted up 11/32 of a point and yielded 8.88 per cent, its lowest level since late December.

The US bond market has seen a surge in interest from individual investors, with reports of queues forming outside banks as investors register to take part in Treasury bond and bill auctions.

BR selects buy-out consortium as preferred bidder for Brel

By Kevin Brown and Rachel Johnson

BRITISH Rail Engineering, BR's loss-making heavy engineering subsidiary, is likely to be sold to a management and employee buy-out consortium, it was announced yesterday.

The British Railways Board said the consortium – backed by Trafalgar House and Asea Brown Boveri, the Swiss/Swedish engineering group – had been selected as the preferred bidder, subject to the completion of contracts and the approval of Mr Paul Channon, the Transport Secretary.

The sale is likely to be completed within four weeks and at an expected price of less than £20m.

The only other bidder was General Electric Company, which said after the bid deadline that its railway interests were to merge with Alsthom of France, the second biggest European manufacturer.

There was speculation that GEC's bid had been rejected partly because of uncertainty over the company's future.

However, Mr Mike Casey, BR's project director for privatising Brel, said that BR had been favouring the consortium before the bids and counter bids involving GEC.

The Office of Fair Trading and the European Commission have to clear the sale. This is expected to be a formality as it will strengthen competition in the UK and Europe.

The deal gives 40 per cent of Brel to ABB, 40 per cent to Trafalgar House, and 20 per cent to the buy-out team, of which about a third will be held through an Employee Share Ownership Plan.

Mr Peter Holdstock, Brel managing director and head of the buy-out consortium, said day-to-day control of the company would remain with the present management, but ABB and Trafalgar House are expected to provide technical advice and management personnel.

He said the consortium had offered no guarantees to the company's 8,000 employees, who work in plants in Derby, York and Crewe. Brel's workforce has been reduced from 31,000 six years ago, largely because of the reduced maintenance needed on modern rolling stock.

BR's announcement was welcomed by the National Union of Railwaymen, which organises many Brel workers.

Brel lost £6.8m in the year to last March, but is believed to have reduced its losses in the latter half of last year.

Sigh of relief at Brel, Page 4

NatWest quits US bond market

By Richard Waters and David Lascelles

NATIONAL Westminster Bank yesterday pulled out of the US government bond market with the loss of nearly 100 jobs just four months after it had been granted a licence to operate as a primary dealer in the world's largest market.

The closure of County NatWest Government Securities Inc follows the recent transfer of the business to NatWest from its investment banking subsidiary, County NatWest.

The withdrawal, which reduces the number of primary dealers in the Treasury bond market to 45, was prompted by stricter capital adequacy rules imposed by the Federal Reserve, the US central bank, NatWest said.

The new rules, issued late last year, would have involved it in committing an extra $50m-$150m (£28m-£84m) of capital to the business to meet anticipated growth, it said. It did not believe it could make a satisfactory return on this investment.

However, the Fed said that last year's guidelines only affected the minimum capital needed by a primary dealer, which had been doubled to $50m. NatWest said it had already met this requirement.

Of 14 non-US institutions with primary dealer status, four are British and seven Japanese.

Although NatWest is the first foreign dealer to shut down its operations, few of the new arrivals are believed to be operating at a satisfactory profit. Last year Kleinwort Benson sold a share of its US treasury business to Fuji Bank of Japan.

NatWest yesterday played down the importance of the market to its capital markets operations. Others, though, continue to believe it is strategically important.

Brazil calls for $3bn US loan facility

By Ivo Dawnay in Rio de Janeiro and **Stephen Fidler** in London

BRAZIL is seeking a standby loan of up to $3bn (£1.7bn) from the US Government aimed at bridging possible balance of payments problems that could arise from a liberalisation of its trade policy.

Brazilian officials said the initial request for a standby financing – similar to a $3.5bn facility granted to Mexico in November – had received a favourable response from the US, which had promised to give it urgent attention.

At the same time, senior Finance Ministry and Central Bank negotiators have flown to New York for urgent talks scheduled for today with commercial bank creditors.

The two initiatives come as President José Sarney and Mr Mailson da Nobrega, his Finance Minister, are preparing to announce this weekend the government's third package of measures aimed at reining in inflation rates, that last year exceeded 930 per cent.

This is expected to include radical spending cuts and the merging of ministries, together with the dismissal of several thousand civil servants.

Mr Marcilio Marques Moreira, Brazil's Ambassador to Washington, confirmed that he had held exploratory talks with the US Treasury and further discussions were scheduled with the Federal Reserve on some "financial cushion."

The financing would be designed to support the package, expected to grant automatic licences for imports of capital goods and farm products.

THE LEX COLUMN

GEC's third line of defence

For Lord Weinstock, the astonishing alliance between GEC and General Electric is another piece of the jigsaw dropping into place. For others, it is the final door slamming. GEC is now playing off three major partners against each other, and is safe from the hostile attentions of each, except in the unlikely event of all three combining for a carve-up. GEC shareholders might ask themselves what they will be left with: a kind of investment trust, perhaps, specialising in the shares of electrical and electronics companies. They might also wonder, in their dyspeptic moments, how Lord Weinstock manages to parcel out the company's assets without distributing anything to its owners, or extracting any premium for loss of control.

This view should not be exaggerated. When all three alliances are complete, GEC will still have sole ownership of Marconi, and effective control of enlarged defence, telecoms and white goods businesses. It is faintly disquieting that these businesses will depend heavily on the British Ministry of Defence, British Telecom and the British public, which might seem a perverse response to the challenge of 1992. But as so often with GEC, it is easier to criticise the solutions than to propose alternatives; and the Weinstock plan at least makes Metsun and Plessey look parochial by comparison.

How well all these alliances will actually work is another question. GEC's conversion to the principle of the joint venture is plainly not a matter of choice, and its record in the field is decidedly patchy: Mr Jack Welch and Lord Weinstock, if yesterday's press conference is a guide, view each other with a kind of genial ferocity which may or may not form the basis of a sustained relationship. But it has all served to disabuse the market of the notion that GEC is slumbering. Although the chances of it being taken over must now be practically zero, its shares are still 40 per cent higher than they were last summer.

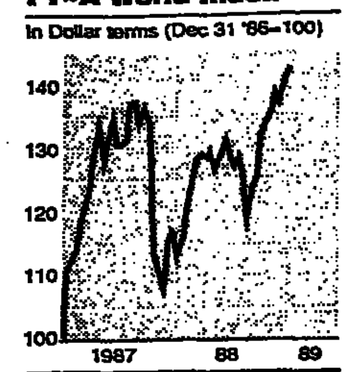
Markets

After several false starts, the UK equity market has at last joined in the world-wide rally in share prices and the FT-SE 100 is now less than 1 per cent away from its post-crash peak. For the moment, all of the cares of yesteryear have been forgotten and the market is focusing on the good news. Clearly, the GEC takeover talk helped, but the market's continuing strength and reasonable volume is a positive sign. Institutional liquidity is high, and if the equity market can move up during a period when UK base rates are raised from 7½ per cent to 13 per cent, just think what might happen if UK rates were to start to fall.

FT Index rose 7.8 to 1,519.7

FT-A World Index

In Dollar terms (Dec 31 '86=100)



People are beginning to believe again in the idea of a soft landing for the UK economy, where corporate profits and economic growth suffer only a modest dent. UBS Phillips & Drew, for example, are forecasting that corporate profit growth in 1989 will slow only from 15 per cent to 12 per cent and the economy will grow by 3.4 per cent. If this sort of scenario is correct, then it is bullish for equities. However, a lot can still go wrong. The militancy of the Jaguar workforce is a worrying sign, the pound is going up rather than down, and interest rates may still have to rise further to curb the stubborn buoyancy of consumer spending. Meanwhile, yesterday's continuing strength of the dollar, in spite of concerted central bank intervention and US data which pointed towards lower growth and higher inflation, is a reminder that the current calm in the financial markets should not be taken for granted.

LVMH

The decision of Guinness to back the winner at LVMH has produced a new coalition which stands a better chance of lasting than the last one. With Guinness and Agache jointly in command of both the executive board and the votes, stability appears to have returned – as the 25 per cent fall in the share price from last week's peak suggests. The apparent willingness of Guinness to sacrifice its old friend Chevalier indicates that its relationship with Agache is fairly solid; and while the Vuitton camp may not be altogether happy with the new alignment, this time it will be harder for them to make trouble.

The 6p rise in the Guinness share price yesterday was in part gratitude at being told what was happening at last. More important, though, was the surprising announcement that the purchase of shares on a multiple two and a half times Guinness' own will not dilute earnings. Guinness is not a company to make such claims lightly, so perhaps it knows something pretty encouraging about next year's figures. In any case, even if the latest slug of shares was dearly bought, Guinness has nevertheless safeguarded its joint ventures, and taken control of the company on a multiple of about half of what it might have cost to buy it outright.

Blue Arrow

Unkind though it may seem to Mr Tony Berry, his replacement by Mr Fromstein as executive head of Blue Arrow is surely the most desirable outcome. Manpower, which Mr Fromstein built up, represents perhaps 70 per cent of group profits, and is truly international in a way which the original Blue Arrow never was. It is also sobering to reflect that until Mr Fromstein rejoined the board yesterday, none of its members, Mr Berry included, had any direct experience of running an employment agency.

On the other hand, the change of control probably makes a break-up or takeover less likely. Since the shares contained an element of bid premium, this must be offset against the increased credibility of the management. There is also the matter of the County stake, which, in the absence of a bid, can only overhang the market. Given the change of management at County as well, it might be a good time for everyone to bite the bullet, and for Blue Arrow to buy the stake itself.

MFI

MFI's extraordinary 56 per cent jump in operating profits in the six months to November throws into confusion the notion that Mr Lawson is hammering the shopping public, and the home-builders especially. Perhaps it is true, after all, that the sector's problem is not a shortfall in demand, but an excess of space and managerial incompetence. If MFI's experience represents the real world, Mr Lawson has more tightening to do.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Degussa	409.9	+	10.6
RWE Ord.	229.5	+	3.8
Schering	604.5	+	8.5
Falls			
Daimler	734.5	–	12.5
Nixdorf	325	–	5
BMW	530	–	7.5

NEW YORK ($)

Rises			
Ford	53	+	⅛
Shearson Lehman	19⅜	+	⅝
Smithkline Beck	53¼	+	1
Falls			
Boeing	60	–	½
Digital Equip.	100	–	¼
Woolworth	53½	–	½

New York prices at 12.30.

PARIS (FFrs)

Rises			
OFP DS	18.1	+	8.9
Raffinage Franc	81	+	7
Total	422	+	32
Scoa	56.6	+	3.8
Lesieur	2550	+	170
Falls			
LVMH	3670	–	206

TOKYO (Yen)

Rises			
Nihon Tokushu	1720	+	220
Takashima	1350	+	150
Toho Titanium	1380	+	140
Riken	1040	+	103
Falls			
Fujisawa Pharm.	1870	–	120
Kasuga Elect Wk	1180	–	70

LONDON (Pence)

Rises			
Allied Textile	327	+	11
Anglia Secure	413	+	13
Argyll Grp.	175	+	7
Attwoods	336	+	32
BICC	415	+	8
Bass	880	+	17
Brit. Land	342	+	12
Clooflax Fowler	147	+	9
Crown Comms.	239	+	18
Davy Corp.	180	+	7
Empire Stores	186	+	8
Hammerson A	901	+	28
Int.City Hldgs.	90	+	12
Logica	357	+	11
Lookers	157	+	7
P & O Defd.	581	+	15
Racal Elect.	304	+	7
Smith (W.H.) A	255	+	7
Spirax-Sarco	219	+	11
Tiphook	436	+	11
Trafalgar Hse	305½	+	8½
Wellcome	447	+	14
Woolworth	254	+	9

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	Dallas †	C	2	36	Madeira	C	17	63	Prague	S	5	41
Algiers	F	15	59	Dublin	C	12	54	Madrid	S	9	48	Reykjavik	R	2	36
Amsterdam	S	7	45	Dubrovnik	S	13	55	Majorca	S	16	61	Rhodes	S	15	59
Athens	F	13	55	Edinburgh	R	5	41	Malaga	S	16	61	Rio de Janeiro		–	–
Bahrain	S	16	61	Faro	S	15	59	Malta	F	16	61	Rome	S	12	54
Barcelona	S	14	57	Florence	C	10	50	Manchester	C	7	45	Salzburg	C	7	45
Belfast	R	9	48	Frankfurt	S	8	46	Melbourne	S	22	72	S'Francisco †	F	3	37
Belgrade	Fg	-1	30	Geneva	S	10	50	Mexico City		–	–	Santiago		–	–
Berlin	C	7	45	Gibraltar	F	16	61	Miami †	S	16	61	Seoul	C	0	32
Biarritz	S	17	63	Glasgow	R	6	43	Milan	C	5	41	Singapore		–	–
Birmingham	C	8	46	Guernsey	F	10	50	Montreal †	F	-5	23	Stockholm	R	4	39
Blackpool	R	6	43	Helsinki	Sl	1	34	Moscow	H	0	32	Strasbourg	S	11	52
Bombay	S	30	86	Hong Kong	R	11	52	Munich	F	7	45	Sydney	F	22	72
Bordeaux	S	13	55	Innsbruck	F	2	36	Nairobi	F	27	81	Tangier	S	17	63
Boulogne	F	8	46	Inverness	R	5	41	Naples	S	13	55	Tel Aviv	C	18	64
Bristol	R	10	50	Isle of Man	R	9	48	Nassau		–	–	Tenerife	C	18	64
Brussels	S	7	45	Istanbul	S	7	45	Newcastle	R	4	39	Tokyo	C	9	48
Buenos Aires		–	–	Jersey	F	10	50	New Delhi	S	17	63	Toronto †	C	-4	25
Budapest	Fg	-1	30	Johannesburg	F	22	72	New York †	F	4	39	Tunis	S	14	57
Cairo	C	16	61	Las Palmas	F	19	66	Nice	F	11	52	Valencia	S	14	57
Cape Town	S	29	84	Leeds	F	7	45	Nicosia	C	15	59	Venice	F	7	45
Cardiff	C	10	50	Lisbon	S	12	54	Oporto	S	14	57	Vienna	S	8	46
Chicago †	F	-7	19	Locarno	S	6	43	Oslo	S	7	45	Warsaw	C	5	41
Cologne	S	7	45	London	F	10	50	Paris	C	6	43	Washington †	C	6	43
Copenhagen	S	7	45	Los Angeles †	F	8	47	Peking	S	2	36	Wellington	S	20	68
Corfu	S	15	59	Luxembourg	C	4	39	Perth	F	24	75	Zurich	F	8	46

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

GEC and GE

Continued from Page 1

to take a 33 per cent stake in a new joint activity with the planned GEC-Alsthom group. GEC Alsthom, a £4.4bn company, will have 66 per cent in this new subsidiary, which will have sales of roughly £400m. It emerged at the conference that GEC and GE had been in negotiations for the past nine months. But matters were brought to a head by the GEC/Siemens £1.7bn bid for Plessey, launched last November.

In the wake of this bid, Lazard Brothers, Plessey's merchant bank, started putting together a consortium to bid for GEC.

GE did not want to be left out of the action, if a bid for GEC was successful. So it hired NM Rothschild as its merchant bank and sent a team of executives to London to open negotiations with Lazard in early December.

Further urgency to its plans was injected by GEC's announcement on Christmas Eve that it had formed a £4.4bn joint venture with Alsthom of France, covering power engineering.

Mr Welch said: "When one desires the property and one sees Lord Weinstock going down a series of partners with first Siemens and then Alsthom, one does not know where one stands."

The GE negotiating team returned to the US for Christmas and New Year. During this interval, the shape of Lazard's consortium changed.

The new plan centred around Metsun, a shell company headed by Sir John Cuckney. It decided it did not want too great a role to be played by GE, because of political hurdles.

Lazard responded yesterday to the news of the GE/GEC deal by suggesting that GEC had sold itself on the cheap. Mr Nick Jones, one of Lazard's managing directors, said: "We're not going to sell anything on the cheap and that's why Jack Welch didn't want to do business with us."

He also claimed that the deal would not stop Lazard trying to put together its consortium to bid for GEC. Discussions with possible partners will continue over the weekend.

Plessey criticised the deal. "These moves represent a further step in the effective self-liquidation and break-up of GEC, which GEC has been panicked into pursuing in the hope of retaining its independence. Once again, GEC is selling strategic stakes in key businesses at well below their full value, and failing to secure any premium for control." The GE team returned to London last Thursday to be followed by Mr Welch.

In the City, where GEC's shares lost 2p to finish at 213p, analysts gave the announcement a mixed reception, with some stressing the economies of scale GEC will achieve, and others the criticising the accelerating dismemberment of the existing organisation.

Blue Arrow coup

Continued from Page 1

record, the best person in the world at running employment agencies." His resignation from the board in December followed a clash with Mr Berry on the way that Manpower should be integrated into the Blue Arrow group.

The loyalty of franchisees to Mr Fromstein must have played a big role in the Blue Arrow board's decision. The franchisees generate about 60 per cent of Manpower's $1.5bn in annual revenues.

It became clear to Mr Berry early on Thursday that the board wanted him and Mr Atkins, a lifelong friend, to step down. That triggered a series of meetings.

Mr Fromstein, who was staying in London, had already been contacted to see if he was willing to take up the post of chief executive.

A final 15-minute board meeting was held at 10.30pm, at which the decision was confirmed. Mr Fromstein was then called at his hotel and accepted the post. Neither he nor Mr Berry was available for comment yesterday.

County NatWest, which retains its 9.4 per cent interest in Blue Arrow, said yesterday that it had not had any influence on the decision to demote Mr Berry. It added that, as a large shareholder, it was clearly interested in the company's future plans and was "awaiting developments."

Mr Fromstein may wish to sell some of the original Blue Arrow businesses. Mr Yves Paternot, senior vice-president of Adia, the Swiss employment group, said in Lausanne yesterday: "We have made it clear that, should some parts of Blue Arrow/Manpower be sold off, we would like the chance to look at them.

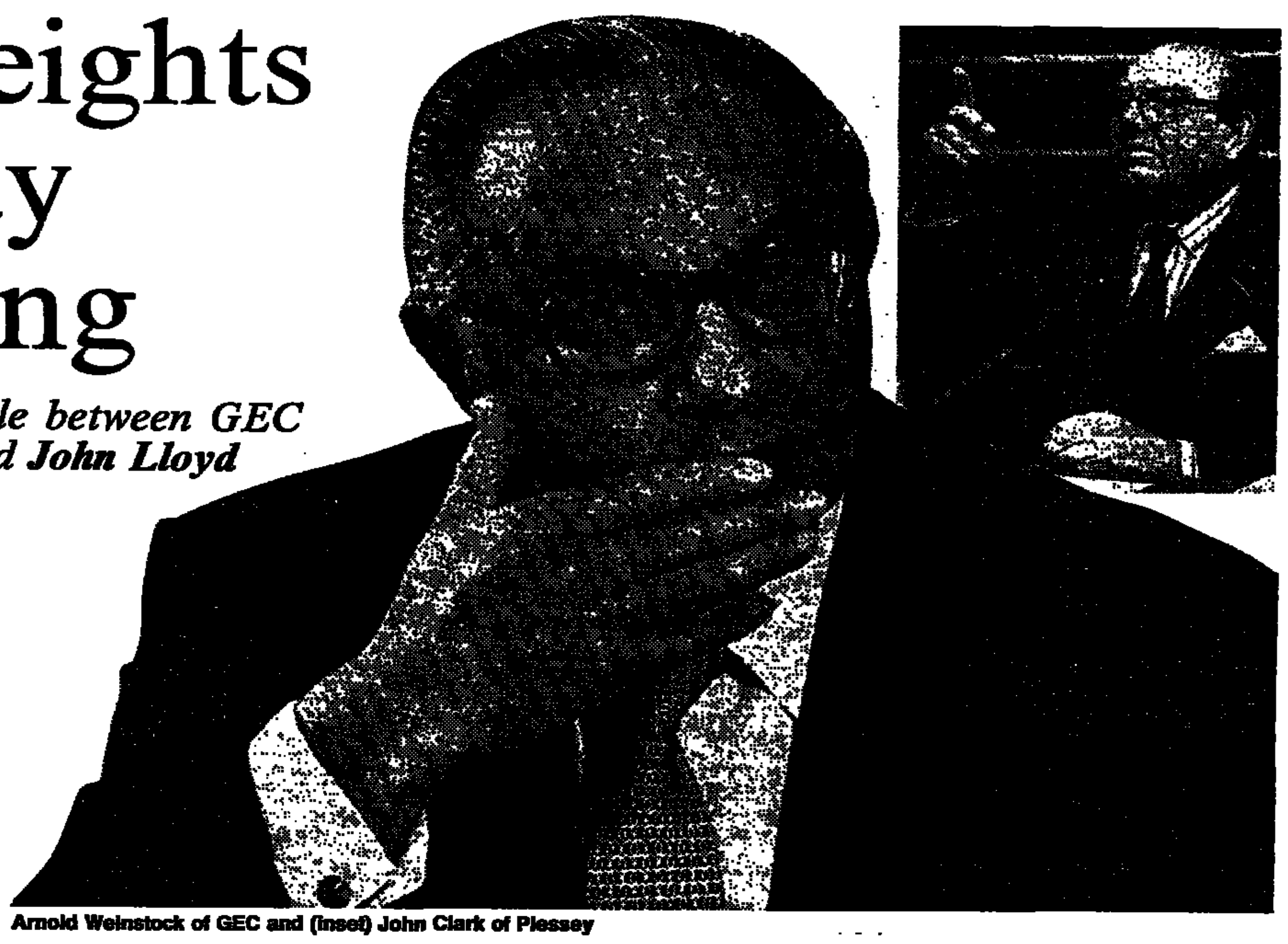
However, the appointment of Mr Fromstein makes a hostile bid for Blue Arrow unlikely. The shares closed unchanged at 90¼p yesterday.

Weekend FT

SECTION II — Weekend January 14/January 15, 1989

Two heavyweights face a day of reckoning

*Powerful forces are at work in the struggle between GEC and Plessey. Report by **John Plender and John Lloyd***



Arnold Weinstock of GEC and (inset) John Clark of Plessey

OVER THE past 20 years Arnold Weinstock, of Britain's General Electric Company, and John Clark, of Plessey, have tilted at each other in takeover bids, expressed contempt for each other's methods, become locked in legal argument over a libel action and otherwise engaged in a personal duel of wits. Their main battleground has been the electronics industry. For better or worse – and there are many who think it *has* been worse – these two immensely powerful and very different personalities have dictated much of the shape of this crucial sector of British manufacturing. Yet, suddenly, the tenure of both men is under threat.

Since Lord Weinstock decided before Christmas to launch his second hostile takeover bid for Plessey in three years, with joint support this time from West German industrial giant Siemens, the likelihood of an independent future for Sir John Clark's company is rated remote in the City. Thursday's decision by Trade Secretary Lord Young to refer the bid to the Monopolies Commission simply slows the drama's denouement.

More surprisingly, it emerged last weekend that one of the big four clearing banks, Barclays, was prepared to finance a takeover bid for GEC by a consortium put together by Plessey's defending merchant bank, Lazard Brothers, and headed by Westland chairman Sir John Cuckney. The news prompted the dramatic resignation of GEC chairman Lord Prior from the Barclays' board and stunned the City. For one of the big four clearing banks openly to take sides in a takeover bid is unprecedented. And it carries the implication that even GEC could, in the City's jargon, suffer the indignity of being "put in play." GEC's much-criticised £1.5bn cash mountain could be used to repay part of the borrowings on the estimated £7bn price.

Over the course of the week, the likelihood of a successful consortium bid has receded. But the Plessey camp has at least scored one cheeky hit: it has put a price on Weinstock's head.

In his unostentatious office at Stanhope Gate in London's West End, surrounded by pictures of the racehorses he loves almost as much as GEC, Lord Weinstock looked no more than irritated this week. But he did admit that Barclays' move was unexpected. "It never occurred to me," he said, "that a clearing bank would play that role." All this excess liquidity for which banks were trying to find a home was, he suggested, a cause for concern. But, teasingly, he qualified his remark by saying: "I'm a peripheral observer because of the little stock of cash we've always kept."

That reference to the cash mountain, however jocular, is a reminder that Weinstock is sensitive to criticism. And in the 1980s he has had to live with a hostile shift in the attitude of politicians, press and the City. In one sense this is paradoxical, for this son of Jewish immigrants from Poland comes with many of the credentials that Prime Minister Thatcher finds most endearing. His father worked as a tailor in central London; he studied statistics at the London School of Economics; and he went into business with his father-in-law making television sets at Radio and Allied Industries.

It was there that he developed his remarkable skill at controlling a business, and first demonstrated his fanatical devotion to curbing waste. An engaging and witty raconteur, he still delights in reeling off the cost of different television sets. This week, not for the first or last time, he recounted how much he saved on television cabinets through the discovery of a man making church pews in Scotland whose knowledge of treating veneers allowed Radio and Allied to make a highly competitive reduction in costs.

From Stanhope Gate (which he leaves only rarely to visit a factory) he monitors monthly the performance of GEC's highly autonomous operating businesses, both big and small, on the basis of detailed figures and reports. This is reinforced by pugnacious questioning of managers.

The unchallenged boss of GEC enjoys working with one or two trusted colleagues, of whom his former finance director, Sir Kenneth Bond, has probably been the closest; and he stocks his board with long-standing friends and associates. He delights in argument, often to the point of infuriating colleagues.

It is accepted widely that Weinstock's successful implementation of the merger of GEC, AEI and English Electric, and the resulting rationalisation of large parts of the electrical engineering industry in Britain, was a monumental achievement. Subsequent events find less favour with the critics, who wonder if Weinstock is now good for Britain. His cash mountain is said to reflect a risk-averse approach to investment. A surprising number of people in the City seem to know an engineer who thinks GEC's technology in one area or another is out of date. The failure of the Nimrod project – to build Britain's own version of an early-warning aircraft – did damage to GEC's image with politicians.

Young turks at famous management consultancy firms argued that GEC was bloated on government contracts and could not operate successfully in competitive markets. But Weinstock is, according to a highly placed admirer in Whitehall, a past master at taking fullest advantage of the system. Less enthusiastic observers ask if skills appropriate to the corporate state are capable of generating profits under Thatcherism when the public sector has shrunk and more competition has been introduced into defence contracting.

Weinstock's response is robust. He denies having been close to ministers, apart from the Labour Party's Tony Benn after the GEC-AEI-EE mergers. He admires Thatcher enormously but thinks some elements of Thatcherism are not workable in the real world. "There is," he says, "no such thing as a free market." He is, in fact, just the kind of businessman against whom Adam Smith, the 18th century economist, warned: he believes in what he calls "orderly" markets and argues that the abolition of resale price maintenance opened the way to the destruction of Britain's television industry by Japan.

He has never favoured cost-plus contracts and provides a detailed defence of all the criticisms of individual projects. With nearly half its turnover overseas, how, he asks, can GEC be called uncompetitive? As for GEC's failure to buy into standard semiconductors or computers, his answer is that the company is not really in those areas except in support of its systems businesses and saw no reason why it should be. When it has shown interest in UK acquisitions, it has run into competition policy problems; and in Europe, where he is committed wholly to 1992 (when the EC is due to dismantle trade barriers), Weinstock had talks about collaboration with Olivetti a dozen years ago, and later with Nixdorf, but to no effect.

As for earnings growth, he accepts that the record in the 1980s has been less impressive but argues that few others in the industry show anything like his return on capital, shareholders' funds or assets. His family money is in GEC and he feels understandably reluctant to blow it on big acquisitions. Yet, he no longer has a significant stake in terms of the percentage of total capital.

Compare and contrast Sir John Clark. In the infrequent public appearances he has made over the quarter of a century in which he has led Plessey, there have been some recurrent personal themes. In this case it is the father (not the father-in-law) and, allied to that, the family. Another has been discipline; another, loneliness.

Sir Allen Clark, an American naturalised as British after the First World War, founded the company and imposed on it and his employees, including his two sons (Michael Clark, now retired, served in various senior roles in Plessey's management), a Gradgrind-like regimen. In 1964, two years after the old man's death, Clark, then the 38-year-old boss, said a terribly sad thing to the reporter from the *Financial Times'* Men and Matters column: "Right from the moment I went to Harrow, it was discipline, discipline, discipline. I sometimes think that discipline is all I can remember of my boyhood. I doubt that many people could have stood it." Nine years later, in an interview with the *Investors Chronicle*: "My father had a distinctive management style and it was more forcibly applied to me than to anyone else." In 1985, to the *International Herald Tribune*: "You know what my father told me four days before he died? He said, 'Boy (*boy?* Clark was 36!), you'll find it's lonely at the top.' God, was he right."

It is easy to see the father's will pulsing through the sons: and his concentration on electrical components, on high technology, and his parting gift of the acquisition of two telephone companies, have remained the core of the John Clark obsessions since. The vision of a company driven wholly by its attention to the leading edges of research became Sir John's own. "He was," says a former executive board member, "a kind of electronics equivalent of Martin Luther King – I have a dream . . . "

The former executive then went on, as have others, to contrast Sir John with Lord Weinstock in this respect: a contrast between the quirky-brilliant attention given to the figures, and the duller but more concentrated and patient gaze upon a greater technological depth. To his detractors he has succeeded neither in pleasing investors consistently nor in achieving the desired status of a British version of Hewlett Packard. To his admirers, that steady gaze has given Plessey world strength in ASICS (application specific chips) and gallium arsenide technology which is seen as the change, the next step, for high-speed semiconductors.

More than most public figures, Clark presents himself as a series of paradoxes, even contradictions. "I do not," he said in 1973, "believe in patronage or nepotism." Fifteen years later, he remarked: "Given equal competition, I'd go for family every time." More than most industrial tycoons, he surrounds himself with the most conspicuous effects of wealth: tail-coated butlers serve tea; abundant wine accompanies lunch; the executive of a rival company relates (between bursts of laughter) the magnificence of the private bathroom suite in the Millbank office. Yet, he sees himself as demotic and modest: is proud of his period as an apprentice fitter at Metropolitan Vickers after the Second World War (more of the old man's discipline); has criticised managers for not "going down the boozer with the lads" or being interested in football. A reliable contributor to Conservative Party finances, he is still a natural corporatist who would feel happier in a mildly social democratic state than a Thatcherite one.

Although Clark attracts continually the adjective "solid", his career is nevertheless studded with managerial and structural reorganisations which seem never quite to have taken; and with senior executives who were first lauded, then frozen out – most recently and famously, Sir James Blyth and David Dey, respectively managing director and head of telecommunications, who both left in 1987. Says the City analyst: "He rows with people for no purpose: not to impart some sense of dynamism but for purely personal reasons. Yet, the middle management have usually found they have got support from the top for their projects." The former executive board member disagrees in part: "I got on well with him, and got support. He was a perfectly reasonable man to work for."

A man who prides himself on lonely dominance, he has, by common consent, surrounded himself with friends at board level who are judged by former executives to be "yes" men. There is a rationalisation for that: soon after the death of his father, the Clarks, vulnerable through the small (3 per cent) holding they had in "their" company, were the object of an attempted boardroom coup. It failed but, ever since, it has been Clark's care to keep the board on side – unquestioningly so, say critics.

A believer in strategic planning, he nevertheless bought Alloys Unlimited in the US in 1970 simply, it seems, to get a foothold there and could not staunch the losses it began to make. Major US subsidiary Stromberg Carlson has yet to deliver strong profits.

Like Weinstock, he is playing an endgame: "Whatever happens," says the City analyst, "Plessey will change shape and ownership in the next few years. The new shape of the European electronics industry is now being cast." And, more harshly: "Clark and Weinstock are ageing, tired, and increasingly irrelevant to this."

On his perspective, it is their successors who will have to bargain for a place in the new era. At Plessey, the heir-apparent is Stephen Walls, a 41-year-old who was appointed managing director three months ago. Clark has had his *wunderkinder* before. The difference now, observers argue, is that he is in no position to displace the present one.

Weinstock, on the other hand, remains unquestionably and exclusively in charge. And the City is worried that the arrival of his son, Simon, on the board in 1987 could point to a dynastic succession. Eighteen years ago, Robert Jones and Oliver Marriott remarked in a book on the GEC-AEI-EE merger: "The very qualities that have made him so successful make it difficult for him to provide for his own succession. The style of management that he has established requires an Arnold Weinstock at the top for it to work well."

In fact, Weinstock claims to have given the matter of succession constant and serious attention. "The company's policy for the past few years has now reached implementation stage," he says. "When that is complete, I will be very ready to support the appropriate person to carry on into the future." More than that he is reluctant to say, but it looks as though the balance has been tilting in favour of an outside candidate. Discussions have been held with Sir Jeffrey Sterling of P & O, although this appears no longer to be a live option.

On the basis of the new collaborative deals announced yesterday with General Electric of the US, it is beginning to look as though Lord Weinstock is pre-empting any break up of GEC by starting the job himself. The question now is how GEC rises to the challenge of a more collaborative style of management – and how much will be left for Lord Weinstock's successor to manage.

The Long View

Stockbrokers: an endangered species?

CLIVE WOLMAN

Most professional investors have achieved lower returns than would have been possible by appointing a monkey to select shares at random

THE CENTRAL and western wards of the City of London are probably the only place in the world on which the 1987 stock market crash is now having an impact as great as its 1929 predecessor. As the closures of securities firms gather pace and the redundancies move into five-figure numbers, the forecasts for the continuing slump have been extended gradually from six months to three to five years.

But is it possible that what we are seeing is not merely a retrenchment after a period of over-expansion but a 1930s'-style upheaval leading to the disappearance of the securities industry, at least in its traditional form?

The underlying structural weakness of the industry is pinpointed by the recent research of some US economists under the grand title of "agency theory." Their analysis is built on the rather banal observation that if you get someone else to do a job for you, he will probably rip you off, slacken, pursue his own interests, or fail to seize opportunities unless you watch him very closely.

The UK and US financial systems have created an absurdly long line of agents and intermediaries. At one end, the individual saver has tied up an increasing amount of his wealth in his pension scheme. Thus, he has to rely on poorly-monitored trustees who, in turn, appoint fund managers – and, increasingly, they rely for their investment decisions on the large securities firms that employ analysts and salesmen.

To secure adequate returns from the large divisionalised companies in which, typically, they invest, they depend on the normally self-appointed board directors who, in turn, delegate the task of management to the heads of the operating divisions. At each stage of delegation, distortions creep in.

In the past half-decade, some agency costs have been tackled. Slack corporate management has been disciplined by hostile takeover bids and greater managerial equity stakes. Ineffective conglomerates have been split up.

But the potential for tackling the earlier stages of the chain is highlighted by the slump in the volume of buying and selling of shares as a proportion of the market capitalisation – or value – of those shares.

The proportion rose steadily from around 15 per cent in the early 1980s to 20 per cent in 1984 and 40 per cent in the first quarter of 1987. By the third quarter of 1988, though, it had fallen back again to 20 per cent (i.e. the average share was changing hands at a rate of just once every five years).

The most common explanation for this reversal is that investors have to feel confident and optimistic about their own judgment in spotting shares to justify the time and the costs of buying and selling. Fine in a bull market. But the heavy losses suffered in the October 1987 crash knocked the stuffing out of many of them.

The trouble for the securities industry is that investors' cautious bear market attitude is based more soundly than their optimistic activism.

The performance analyses of recent years prove that all but a few professional investors and fund managers – and professional investors account for more than 75 per cent of share trading – have achieved lower returns in the long run for their clients through actively buying and selling shares than would have been possible by appointing a monkey to select a broad portfolio of shares at random.

The professionals are well aware of these figures. But it is great fun deciding on the redeployment of millions of pounds as well as disbursing thousands of pounds of other people's money each day in dealing commissions.

This is particularly so when wielding such discretion is the best guarantee of abiding popularity, and of annual invitations to Ascot and Glyndebourne. Or when it leads to "soft" commission kickbacks in the form of overseas trips.

In a bull market, such "agency" costs can easily be buried in the large profits everyone is making from shares. But in a stagnant or bear market, the costs become more apparent.

There is a second explanation for the rise and fall in share-trading volumes since the early 1980s. The sleepy fund manager who traded little was gradually replaced by the aggressive wheeler-dealer but, in the past three years, he also has been threatened by the growth of the passive fund.

A broad, computer-selected portfolio of shares is assembled which tracks the stock market index passively, generating virtually no commission or dealing turns for the securities industry. The US experience suggests this development has got much further to go.

On a long view, it is possible to imagine almost the entire market capitalisation of UK listed companies held through passively managed funds - which would mean no more work for stockbrokers.

If that was the end of story, share prices would soon become hopelessly out of line with the fundamentals because of the absence of well-informed trading and capital markets would cease to operate efficiently.

But this is where a new-style small-scale securities firm could come into its own. It would use the expertise of its own analysts and traders to deal entirely on its own account and make money by exploiting anomalies in share prices. It could also act as a US style arbitrageur firm, catalysing takeover bids.

It would probably take only 20 or 30 such small, probably owner-managed, firms to ensure that share prices were priced almost as efficiently (in the sense of reflecting the best possible estimate of their future earnings) as they are today. And it would mean a drastic reduction in the agency and intermediation costs on which the overgrown securities industry of the 1980s has been built.

CONTENTS

FINANCE & THE FAMILY: THIS WEEK

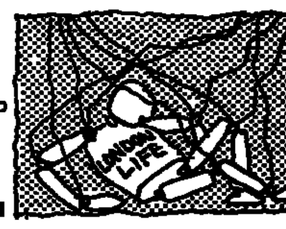
Minding your own business

Today sees the launch of a new section in the Weekend FT called Minding Your Own Business, edited by **Roy Hodson.** Small businesses collectively make up the fastest growing sector in the British business economy. As many as 3m men and 1.3m women in Britain are at present being fired by ideas and energy to try their luck as budding entrepreneurs. Minding Your Own Business will report on their fortunes and on how the the small business movement is itself creating a market full of vitality for financial and other services. **Page VIII**

Abbey National takes the plunge

The 5.5m members of Abbey National can look forward to a free packet of shares when Britain's second-largest building society goes to the market, provided the move is approved. **David Barchard** examines the implications for Abbey, its members, and its competitors. **Page III**

London Life woos the voters



London Life policy-holders are finding themselves very popular. With fewer than three weeks to go before a meeting to decide whether to tie the knot with Australian Mutual Provident, along comes Equitable Life with a sweet-talking counter-offer. **Nick Bunker** reports. **Page III**

New way in to Luxembourg

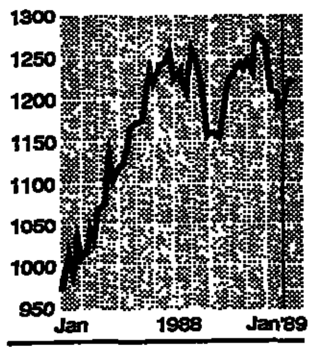
Luxembourg-based investment funds could soon be available widely to UK investors as a result of an agreement between the Luxembourg authorities and the DTI. **Eric Short** details the developments. **Page V**

■ **EXPATRIATES: Caught in the IHT trap: Page V**

■ **BRIEFCASE: A home for mother: Pages VI, VII**

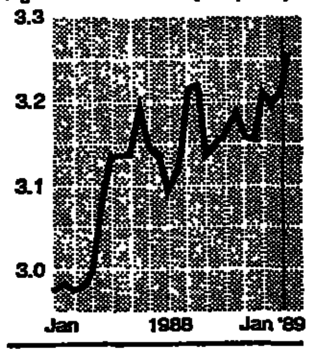
Property

FT-Actuaries Index



Sterling

Against the D-Mark (DM per £)



Property sector on form

The property sector has started 1989 in lively form. The most dramatic development came this week when Peel Holdings won control of London Shop from under the noses of two possible rivals, Berish Berger's Land & Property Trust, and a mystery "white knight," which London Shop produced on Wednesday morning in a vain attempt to persuade its shareholders not to sell to Peel. Peel ended with a decisive 56 per cent of its prey.

The week's second big story was the massive dawn raid launched by Standard Life Assurance on Hammerson, a move which increased the insurer's stake to 28.8 per cent. It was a blow to Dutch group Rodamco, whose £1.3bn hostile bid for Hammerson was further undermined by a property revaluation of the UK group which put a price of £2.48bn, or £10.65 a share, on the company. Hammerson shares fell on worries that Rodamco does not have the cash to make a higher offer.

Two late-breaking stories week were Priest Marians' emergence as a possible bidder for Inoco, the oil group turned property developer, and Markheath Securities' raid on the market for shares in Camford Engineering. Markheath now has 18.4 per cent of Camford, and dealers believe a bid could be in the offing. *Patrick Harverson*

Sterling hits high against D-Mark

The pound reached a two-and-a-half year high against the D-Mark this week. Investors were attracted by high UK interest rates compared with other countries and comments by Nigel Lawson and Margaret Thatcher. These were interpreted as showing a degree of comfort by the Government with sterling's rise. On Wednesday the pound reached a high of nearly DM3.26 at the close, in spite of Bank of England intervention. Also contributing to sterling's strength was the general weakness of the West German currency in foreign exchange markets. This partly reflected strong sentiment surrounding the dollar and speculation about a tightening of US monetary policy. *Ralph Atkins*

Index-tracking trusts launched

James Capel announced the launch of two more index-tracking unit trusts to cover the Japanese and European markets. Both the new funds will track the appropriate FT-A World Indices, based on the movements in capital value and not including re-invested dividends. *John Edwards*

Fixed rate mortgage offer

TSB is offering from Monday endowment mortgages with a fixed rate of 12.5 per cent for five years. Most building societies have now increased their variable mortgage rate to 13.5 per cent, although there are special deals for large loans and first time buyers. Irish Life said that it was maintaining the interest rate on its Framework Express mortgages at 12.55 per cent. *John Edwards*

LONDON

Heavyweights' tussle dominates the action

A SINGLE compelling topic has dominated the London equity market this week: the titanic battle to reshape Britain's electrical and electronics industry being waged by the General Electric Company and Plessey, with a supporting cast that includes several of Europe and America's giants

It was last Sunday which brought confirmation of a persistent rumour: that Plessey, on the receiving end of a hostile £1.7bn joint bid from GEC and Siemens, was attempting with Lazard Brothers, its merchant bank, to put together a rival consortium bid to carve up the mighty GEC. If it came off, it would be far and away Britain's largest takeover bid.

The news electrified the market, triggering a wave of speculative buying of blue chip stocks: on Monday night the FT-SE 100 index ended 20.2 higher at 1,831.5. And the progress and setbacks of the two rival bids set much of the market's tone for the rest of the week.

First came word that there was not just one, but two potential bidding groups: one centred on Plessey, which was aiming to bring in Thomson, the French electronics group, and STC of Britain; the other centred on General Electric (GE) of the US, which wanted to woo STC to its camp.

But as the week wore on an offer for GEC looked increasingly difficult to mount, especially when STC said it was unlikely to join a consortium bid. Plessey then turned to American Telephone and Telegraph in the hope that it could be persuaded to take STC's place.

GE, for its part, amazed the City on Friday not by bidding but by jumping into bed with GEC: the two are to put together their European white goods, medical equipment and electrical distribution operations, and cooperate closely in power engineering. This is the latest in a complex web of joint ventures set up by GEC and seemed to scupper Plessey's remaining hopes of a credible consortium bid.

Some analysts suspected from the start that a prime object of Lazards' high profile manoeuvreing was to ensure that the GEC bid for Plessey was frozen by a reference to the Monopolies Commission. Whether or not this was so, the Government duly obliged on Thursday by announcing that there would be a monopolies probe – primarily because of the possible effect of a merger on the defence electronics industry – and it seems inevitable that any bid for GEC would suffer the same fate.

Yet neither the monopolies move nor the diminished prospects of a bid for GEC knocked the stuffing out of the equities market, in part because GEC moved immediately into the market on a share buying spree which took its holding in Plessey to just under 15 per cent.

The key to the battle now lies with the Monopolies Commission (and the European Commission, which is conducting its own investigation) and the three month breathing space this gives Plessey to devise ways of escaping GEC's clutches. Either way, there seems a reasonable chance that Plessey will lose its independence, and this may well boost its share price in the weeks ahead. But the outlook for shares in GEC (discussed in an article below) is rather less buouyant.

It was not purely the GEC-Plessey battle which moved the indices this week. London's optimistic tone, which took the FT-SE 100 above 1,850 to its best level since early November, was in part simply a reaction to rising share prices this week in New York and Tokyo (despite the death of Emperor Hirohito, which was widely assumed would have a depressing effect on the Japanese market).

As the FT-SE 100 chart demonstrates, London equity indices have rallied strongly since mid-December. The FT-SE 100, which traded for most of 1988 between 1,730 and 1,850, has risen since December 11 from the low point on that range to the top end of it.

The question now is whether it can take the rally still higher. The new year is traditionally a period for strong market runs – internationally as much as in the UK – in part because institutions tend to have a lot of cash available for investment at this time.

World markets have certainly started the year in good form. However, London substantially underperformed rival centres last year, and the continuing doubts about the UK economy may well act as something of a drag in the short term. Yet British share prices look relatively cheap – the historic p/e on the FT-Actuaries 500 is 11.7, with a yield of 4.5 – and if Nigel Lawson, the Chancellor, does look like engineering a soft landing for the economy, then share prices might take off.

That would be good news for Abbey National, Britain's second largest building society, which this week finally unveiled its plans for the first stock market quotation by a building society. Provided shareholders approve, it will come to market in the early summer. The issue will instantly enlarge Britain's army of small shareholders, since Abbey plans a free issue of shares to its 5.6m members, who will then be invited to invest in the £1bn plus equity offering.

'Neither the monopolies move nor the diminished prospects of a bid for GEC knocked the stuffing out of the equities market'

In another section of the takeover jungle, Alan Bond, the Australian entrepreneur, announced that he had no current plans to bid for Lonrho, the conglomerate led by Tiny Rowland, which promptly knocked the British company's share price and provoked a ritual barrage of insults from Rowland's cohorts about the strength of Bond's finances.

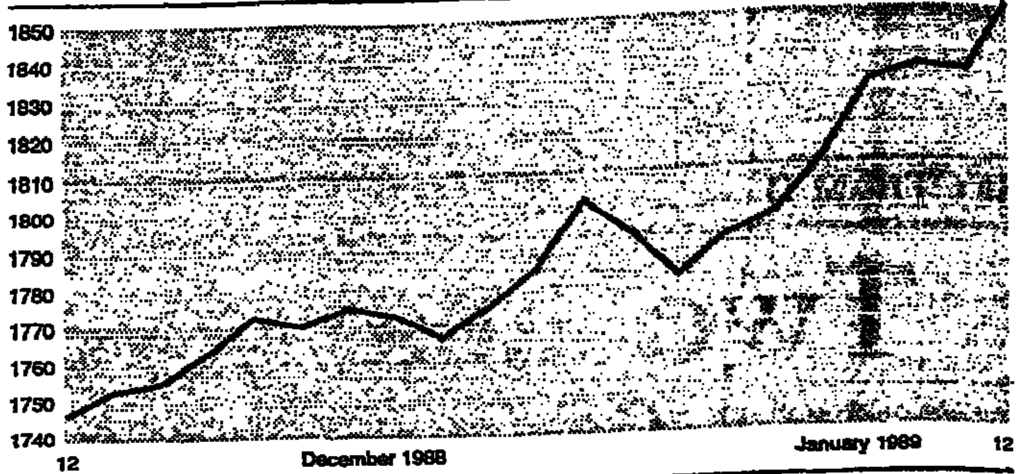
Whether or not the latter is capable of bidding, an early offer seems out of the question, given the Takeover Panel's insistence that statements such as Bond's are adhered to.

Certainly, the dangers of over-ambitious bids have been graphically underlined this week by the continuing fall-out from Blue Arrow's 1987 bid for Manpower,the much larger American employment group. National Westminster Bank finally named a new man – Howard Macdonald – to head troubled County NatWest, its investment banking arm which faces a Government investigation of its role advising Blue Arrow on a £837m share issue accompanying the bid.

And at Blue Arrow itself, in an extraordinary boardroom upheaval, Tony Berry, architect of the company's expansion, was replaced yesterday as chief executive by Mitchell Fromstein, the man he recently ousted as head of Manpower. Berry's fall from grace had all ingredients of a classical tragedy: pride brought low with an fearful symmetry.

Martin Dickson

FT-SE 100 Index



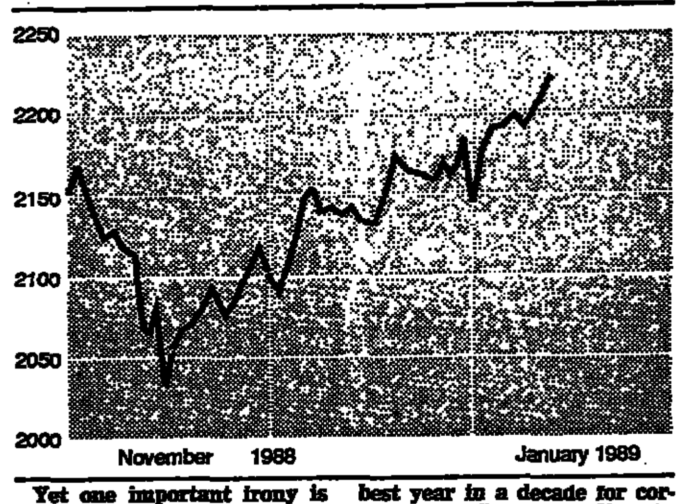
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988/89 High	1988/89 Low	
FT Ord Index	1519.7	+38.4	1519.7	1349.0	Takeover bids/stock shortage
Armstrong Equip.	138	-21	170	116	Wardle Storeys offer may fail
Bassett Foods	448	+155	455	195	Bid from Procordia of Sweden
Camford Eng.	223	+31	228	131	Markheath raises stake to 18.4%
De La Rue	456	+39	494	362	Possible De Benedetti stake
E.R.F. (Hldgs.)	393	-23	496	195	Rights issue raising £6.1m
GEC	212½	+10½	223	143	Possible consortium bids
Greene King	499	+52	500	434	Elders bid speculation
Johnstone's Paints	221	+23	221	98	Bid by Elf offshoot
Norton Opax	172	+16	176	122	Maxwell stake up for tender
Sock Shop	137	-31	325	137	Disappointing interim profits
Sotheby's	1340	+172	1370	915	Record auctions, US buying
Sthn Bus. Group	371	+35	375	247	Better-than-expected figures
Sun Life	933	+65	1250	850	Good new business figs hopes
Wimpey (G.)	294	+31	295½	221	Speculation on Grove Trust stake

WALL STREET

The profits of past illusions

Dow Jones Industrial Averages



WITH THE 2,200 mark on the Dow Jones Industrial Average finally overcome, the sensationally expensive Tokyo stock market moving even higher, and European bourses caught up in waves of merger and restructuring enthusiasm, investors have finally put October 1987 behind them. In fact, the atmosphere in the financial world today is more reminiscent of the beginning of that fateful year than of its doom-laden conclusion.

Then, as now, stock markets were climbing a "wall of worry." Even the nature of the worries was remarkably similar to present anxieties. Not only were the US trade and budget deficits perceived as the main long-run problems hanging over the world economy, there was widespread concern that the US might slip into recession if interest rates had to be raised to support the dollar. Other sceptics were arguing, meanwhile, that inflation might soon begin to accelerate as a result of dollar devaluation.

In the event, the worries proved completely off the mark. The dollar, after a sharp initial fall, stabilised in the late winter and then trended upwards. Interest rates did rise significantly, but this had little effect on economic activity. Neither inflation nor recession proved a major problem and world currency markets had no trouble financing the US trade deficit. And as the economists continued to be confounded in their gloomy tidings, the Dow Jones gained 42 per cent between January and August.

Could Wall Street now be in the early stages of a similar upsurge? The easy answer is obviously "no," since everybody now knows that the 1987 bull market was just a "speculative bubble," that share prices had got ridiculously ahead of themselves by the time the speculation climaxed in that euphoric summer.

Yet one important irony is rarely mentioned by the scepticswho argue that the peak prices of August 1987 will not be seen again on Wall Street for many years. While Black Monday proved the bull market equity prices to be illusory, subsequent events actually justified the optimistic expectations which had briefly supported those peak prices.

Neither recession, nor inflation nor dollar depreciation has proved thus far to be a serious problem. But even more remarkable is how right the bulls turned out to be in their analysis of individual companies and sectors.

As most US companies publish their quarterly and annual results during the next two weeks, it will become apparent that 1988 was the best year in a decade for corporate profits. According to the Institutional Brokers Estimates System of Wall Street brokers Lynch, Jones and Ryan, the after tax earnings of the companies in the Standard & Poors 500 will turn out to have been 38 per cent higher in 1988 than in 1987.

To say that this was the highest earnings growth achieved this decade is a gross understatement. Real corporate profits consistently fell behind inflation in the US between 1979 and 1987. Thus the increase of 38 per cent expected for 1988 was nearly twice the profits growth achieved in the previous eight years put together.

Since market prices attempt to forecast and discount future profits, last year's surge in earnings alone could have gone a long way to justify the run-up in US equity prices in 1987. After Black Monday, most analysts sharply reduced their estimates of future corporate performance. In the event, however, they should have stuck to their guns. If the IBES figures are borne out in the forthcoming earnings announcements (and three quarters of the year's profits have already been reported), they will be far ahead of analysts' expectations, as surveyed in December 1987. At that time, analysts were forecasting an average growth of 28 per cent in corporate earnings.

In principle, therefore, the growth of corporate profits last year could easily have justified a splendid bull market. Not only were profits growing much faster than in recent memory, but they were consistently beating expectations.

In the event the market's performance was hardly exciting. The cloud of Black Monday was still too big and too dark. Now that financial confidence is returning, there is arguably a lot of catching up still to be done.

All this creates a plausible justification for the current rally. But it is worth remembering that equity investors will not continue looking backwards for long. The Dow may move another 100 points up on the basis of last year's corporate profits. Beyond that, however, it will be the prospects for 1989 and 1990 that count. And even with no recession in sight, it could prove increasingly difficult to sustain the present high level of profits – never mind continuing to improve them at the spectacular rates seen in 1988.

Monday	2,199.46	+ 5.17
Tuesday	2,193.21	− 6.25
Wednesday	2,206.43	+ 13.22
Thursday	2,222.32	+ 15.89

Anatole Kaletsky

JUNIOR MARKETS

A fickle thing called fashion

SHOULD anyone believe that investment is an aridly technical business, he or she should take a look at the fashion-conscious nature of the USM. In the past eight years, it has shown a susceptibility to vogues and fads that could rival the most trendy teenager.

The latest illustration of this is provided by the niche retailers. Sock Shop International, for example, has watched its shares more than halve in value since last summer, despite reporting a hefty 43 per cent rise in profits for 1987-8 this week. Sock Shop still has a premium rating. But the lukewarm popularity of the shares is in sharp contrast with their rapturous reception on joining the market less than two years ago.

Sock Shop is not alone. Shares in the Reject Shop, which came to the USM last summer, have now fallen well below their issue price. And on the main market, shares in Tie Rack are close to half their peak last March.

The downturn can be partly explained by the worries about consumer spending after the surge in interest rates. But just as important in triggering the slide was the disappointment inflicted last summer by Mrs Fields, the USM-quoted cookie company, when it forecast a fall in profits.

Some of the problems behind Mrs Fields' downfall were quite specific and in no way should have influenced other niche retailers. The long summer heatwave in the US, for example, should hardly have affected demand for paisley ties in Paddington. Nonetheless, Mrs Fields' decline was bad news for other retailers, since it shattered the illusion that they could do no wrong.

In the past, other sectors have demonstrated even sharper rises and declines on the USM than that of niche retailing. Indeed, it could be argued that investors in retailing find it easier to flout sector trends, since the businesses are easily understood and are headed by well-known personalities.

By contrast, investors in the electronics sector, a fashion victim of the mid-1980s, rarely had a detailed understanding of their companies, so bad news dragged down the good companies along with the bad.

The enthusiasm for computer companies raged unabated in the early years of the decade, with young, high-growth computer companies boasting earnings multiples in the 30s. The USM's computing sector outperformed the electronic sector of the FTA-Index by 100 per cent in the year to May 1984.

Soon after, though, the glory faded. A price war was unleashed in the home computer market in response to fears that demand would falter while foreign competition got tougher. Severe disenchantment with USM computer stocks set in and, one after the another, share prices plunged.

Another example of the fickleness of USM investors is the food sector and, in particular, the fresh vegetable companies. In the few years up to 1985, a clutch of businesses came to the market on extravagant ratings, fuelled by the consumers' renewed quest for quality and freshness.

But it took just a succession of freakishly wet summers and cold winters to demonstrate the vulnerability of these companies. In early 1986, companies such as Appletree, Whitworth and Wold had sunk to below their issue price.

Investment fashions are not, of course, restricted to smaller companies. But they do tend to be more pronounced on the USM. One reason for this is the relative shortage of shares in circulation, which means that any upwards or downwards movement is exaggerated.

Another factor is that the USM is the natural home for young companies operating in new high-growth industries. Typically, these companies might experience an early dramatic success in their particular niche, only to encounter problems as they broaden their base. Thus, after a few years of dramatic profits improvement, their growth may falter or even reverse.

What is the latest vogue on the USM? A glance at the list of top performing shares would suggest the radio companies. Crown Communications, which owns the LBC radio station, Piccadilly Radio, Radio City and Radio Clyde were the top performing USM stocks of 1988, with share price rises of 167 per cent and over.

The explanation for their popularity lies in part with their surge in profitability – a result of the increasing favour they have found with advertisers. Another factor is the opportunities expected when the Government deregulates radio next year. The White Paper on broadcasting proposed at least three national commercial radio stations operating alongside the BBC, with contractors allowed to control up to six local and one national station.

Investors may well benefit from the radio shares' current modishness. Although they have already had a good run, fashions are usually worth following for a good few months. That said, the long term investor should remember the adage that the surest way to be out of fashion tomorrow is to be at the forefront of it today.

Vanessa Houlder

Breaking up is hard to do

FOR investors in GEC, this has been an eventful week without recent precedent. The emergence of a possible break-up bid for the industrial giant raised high hopes – and the shares duly soared 19p on Monday to close at a post-crash peak of 221p.

Was there more to come? Analysts were talking of a break-up value of about 300p. Metsun, the Lazard Brothers-advised bidding vehicle, was expected to pitch its terms, mostly paper but a bit of cash, at 250p.

But the glamour quickly faded as Lazard seemed unable to sign up any names apart from Plessey, its client facing a £1.7bn joint bid from GEC and Siemens of West Germany, and Thomson of France.

STC, the UK electronics group needed to take the GPT telecommunications subsidiary off Metsun's hands, took a look at its balance sheet and chose not to chance its arm.

GE delivered the final blow on Friday, dashing hopes that it would join a bid for GEC, unveiling instead a series of joint ventures with its UK counterpart. It was good news for GEC's independence, but bad news for the share price, which lost another 3p to 212p.

However, the writing was on the wall much earlier in the week. The first returns came in on Tuesday, when the immediate reactions of institutional investors in GEC came to light.

Under the Takeover Code, any transactions by an investor holding 1 per cent or more of a bid participant's shares must be reported within a day.

It was instructive to see that most such transactions in GEC shares were sales. This was not surprising considering the opportunity for profit-taking on a share price which had run up from 171p in less than two months. But it underlined the City consensus that GEC shares have probably hit the top of their trading range, at least until the late summer.

There are several reasons for this view:

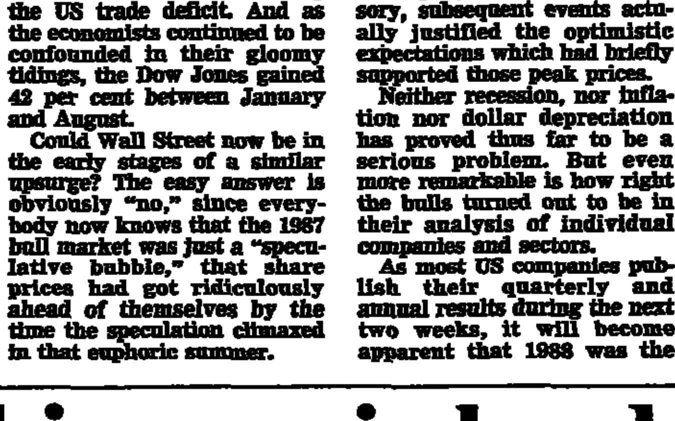
● If a break-up offer for GEC did emerge from Metsun, any other consortium or from any single bidder it is certain to referred to the Monopolies and Mergers Commission. The inquiry, which would be run in tandem with the Plessey probe if the GEC bid got on the road soon, would probably take six months.

● This reflects a consensus among analysts that the odds are against the MMC and the Department of Trade and Industry approving any break-up or takeover of GEC.

● GEC Siemens' chances of winning clearance for its Plessey bid are rated considerably higher, especially after the deal with GE announced on Friday. However, with a number of problems to be sorted out within the combined group, success here would not necessarily be a short-term bull point for the shares either.

GEC

Share price (pence)



As a result, analysts expect to see GEC shares slip back towards 200p, although not below that so long as any whiff of a possible offer is in the air. If no bid emerged, or if one came and was blocked, the shares could slip back to their November and December values in the 170s and 180s.

"On a year's view I believe they'll probably underperform," says Judy Stewart of Citicorp Scrimgeour Vickers. That would be a familiar experience for GEC shareholders, who missed the 1982-87 bull market altogether. Even after the latest speculative run, GEC has underperformed the FT-A All-Share index by two-thirds since August 1982.

The joint ventures with GE will not end the debate over whether GEC should have been broken up or whether it will become a holding company for – with the exception of Marconi – a range of joint ventures with a variety of international partners. However, the question appears to be moot.

This is not to say that GEC lacks attractions. Despite its clouded UK reputation – too much caution, the "cash mountain" and all that – GEC can stand comparison on margins and sheer profitability with any European counterpart.

The historic yield on the shares is 4.3 per cent, but such defensive attractions are not high in most minds at the moment. Back at 170p, the yield would be 1 point higher. If the shares fall back that far, they are an undoubted buy.

Shareholders will be able to look back on one week in January when GEC had that rare distinction of being London's number one takeover stock, and remember that it is rarely wrong to take profits when they are available.

Clay Harris

FINANCE & THE FAMILY

David Barchard examines the implications as Britain's second-largest building society goes to market

Rivals watch as Abbey takes the plunge

ABBEY National's flotation is good news for its 5.8m members, who can now look forward to receiving a free packet of shares. It also raises interesting questions for members of other building societies, and investors with a few hundred pounds to spare.

To take Abbey members first. If the flotation goes ahead — it has to be approved at a special general meeting on April 11 — each qualifying member will receive both a free offer of shares and an invitation to subscribe to a further issue.

Qualifying members are those who had either more than £100 in savings with Abbey National on December 31 last year, or a mortgage of over £100. They thus fall into two separate categories, savers and borrowers.

The free shares are likely to be worth around £280 on a flat hand-out basis. The rule will be one member, one handout, no matter how many accounts you have. However, for membership purposes, building societies distinguish between savers and borrowers.

If you are both a saver and a borrower with Abbey National, you can look forward to one hand-out of shares as a saver and a second as a borrower. But having more than one savings account or more than one mortgage makes no difference — entitlement is once per person as saver and once as a borrower. Joint accounts create only a single entitlement, which goes to the first-named individual.

Children under 18 will be entitled to receive cash compensation equivalent to about 4 per cent of their deposits with the society. The qualifying date for this is (as expected) December 31, 1988.

Anyone who had the foresight late in December either to open a £100 account with the society, or to shovel money into an account in their child's name, now stands to collect their reward when the flotation takes place at the end of June.

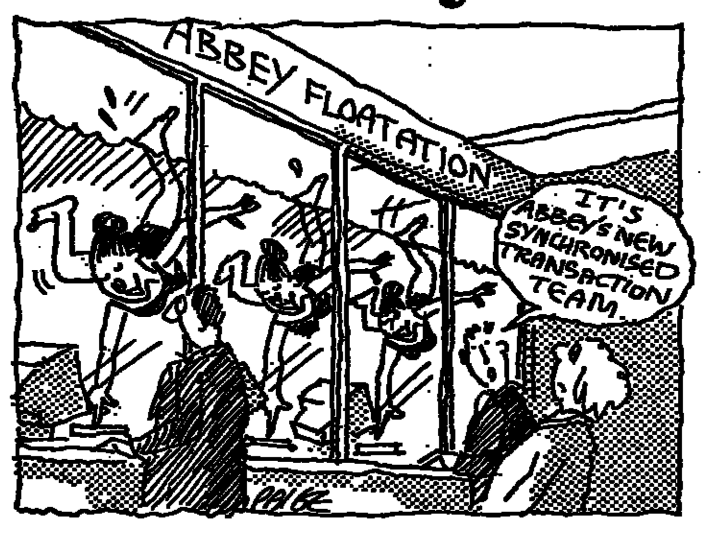
However, a High Court judgment last week spared Abbey from having to pay out cash compensation to anyone breaking membership between December 31 and the special general meeting on April 11. As the law stood before the judgment, anyone who had put (say) £100,000 into Abbey on December 30, and withdrawn it on January 2, would have collected more than £4,000 for his pains.

Among building societies, this possibility was known as "the black hole" and is believed to have given Abbey National directors a few sleepless nights before the end of the year. A mass inflow of funds by speculators for only a few days might have beggared the society.

But the surprising thing is that although the "black hole" (and the other cash compensation arrangements) were public knowledge, relatively few people seem to have tried to take advantage of them.

Assuming that Abbey members do vote for flotation in sufficient numbers — at least 20 per cent must vote, and 75 per cent of the votes must be in favour — they will face a further choice in due course: whether to take up the issue of shares, for which they will be expected to pay. Abbey will issue something over £1bn of these shares at a price of perhaps £1 each. But there are several things members should realise about them.

■ First, they are likely to be sought-after eagerly by institutions, and Abbey is setting up share dealing arrangements under which members can sell their holdings without having to go to a stockbroker and pay an expensive commission.



■ Second, the more of these shares members buy, the greater will be their financial gain from the Abbey National float. This is because, basically, subscribing to the paid issue will push up the final market capitalisation value of Abbey National PLC.

John Wriglesworth, building societies analyst with stockbroker Phillips & Drew, explains it like this. "If Abbey National wants to raise £1bn, it may well do so by issuing 2bn shares. And of these, let us assume 1bn shares are free to members and £1bn will cost a £1 each.

"Each share would thus be worth £1.25. The 1bn free shares would thus capitalise at £230 per eligible member; but if the members purchase their full share entitlement, they would make an extra gain of £45."

■ Finally, members can use funds deposited in Abbey (or other building society) accounts to buy the shares. Indeed, there is nothing to stop them buying the shares with money from their savings accounts. Abbey says it is well prepared for this possibility and has done all the necessary sums about what could happen.

As with the government privatisations, there probably will be a minimum figure — unlikely to be under £250 — for the amount of shares a member can buy. It is quite possible the issue will be over-subscribed.

What about other building societies? During 1988, several — headed by the Halifax, the largest — revealed they were thinking about incorporation but decided later to do nothing, at least for now.

As things stand, only one society — the National & Provincial, which is seventh-largest by asset size — seems to be heading for the launch pad. Its qualifying date for the free share issue might well have been December 31, 1988, alhough if it were to have its special general meeting in the second half of 1989, the date could be June 30.

National & Provincial is a lot smaller than Abbey National, and its share issue would be worth rather less — perhaps around £100 a member, according to Wriglesworth. But if things go well with Abbey, and if 1989 sees market conditions for building societies getting tougher again, then others may take their plans for conversion out of mothballs.

Those most likely to do so are Alliance & Leicester and Leeds. The Halifax is likely to become a PLC in due course but its directors — who blocked the move last year — probably will want to watch how Abbey is doing for a year or two before they allow themselves to be converted to the idea.

Others may follow in due course. Indeed, most innovative executives favour the idea, even in quite small societies. Some of these probably would not float; instead, they would sell their ownership to an existing company. The legislation exists to do this but the voting requirements are much tougher than for a flotation. As a result, members probably would be offered much higher incentives to approve the deal, with much of the society's reserves being paid out to them.

To sum up: for ordinary investors, the implications of the Abbey National float seem to be:

■ Try to maintain your savings account above £100, particularly at the end of the year, if you belong to a society known to favour going public. This sum is the minimum level in law to qualify for a vote on incorporation. Husbands and wives should hold separate, rather than joint, accounts.

■ If your children have several thousand pounds to invest, they may well pick up a windfall gain in due course if they invest in a society that goes public.

■ If you have a few hundred pounds to invest, you could do worse than split it up into blocks of £101 and invest them in half a dozen building societies in the hope that, apart from paying interest, they will eventually bear fruit in a free shares issue.

An old flame eager to reach the altar

YOU MIGHT be wondering, if you are one of the 66,000 vote-carrying policy-holders of London Life, why you have suddenly become so popular. With fewer than three weeks before a meeting to decide whether to tie the knot with Australian Mutual Provident, along comes Equitable Life like an old flame eager to beat AMP to the altar.

On January 27, at London's Grosvenor House hotel, you are due to vote a second time on London Life's scheme for a merger with AMP. (January 25 is the deadline for receipt of proxy votes.) Yet, Equitable now says it is ready to reopen abortive merger talks it held with London Life last year. There has been no new information of any substance from London Life/AMP this week, besides an ultimatum from AMP that this is your last chance for an Antipodean marriage. So how seriously do you take Equitable's advances?

Equitable is serious. A merger with London Life would expand its asset portfolio, giving it a bigger voice as an institutional investor. The acquisition of a new chunk of business, plus a 350,000-strong customer base, would help it to finance its own dream of expanding into Europe post-1992, and bring down administrative expenses for all its policyholders.

The Equitable is a fast-growing, efficient life office geared heavily towards providing individual pension plans to affluent, self-employed people via a highly-trained 280-strong sales force. But it is just as well aware as AMP and London Life of the need for size to help it combat the industry's big battalions, which are committed to spending heavily on direct sales networks.

In 1986, the Equitable underwent a study by management consultants which called for a doubling of sales by 1990, and this helps explain London Life's attraction. Equitable would, however, close down branches that overlap with its own and, probably, recruit few of the smaller company's sales force.

What should policyholders think? One problem with this sorry saga is that, despite the involvement of such legal juggernauts as Herbert Smith & Co and Freshfields, nobody has bothered to explain the historic principles that should govern the situation.

In 1870, following some grubby scandals, parliament passed the Life Assurance Companies Act. The 1982 Insurance Companies Act preserves its basic procedures for ensuring fair play in a merger of mutuals. It says the parties must produce a scheme of arrangement to be approved by a Companies Court judge.

There are two considerations at which the court will look and London Life policyholders also need to think about.

■ First, any merger must ensure the protection of policyholders' reasonable expectations, usually taken to mean expectations that future investment returns will follow past patterns.

■ There should also be protection of policyholders' rights as members of a mutual society. In other words, by virtue of being a member a policyholder has certain rights — to elect directors, attend meetings and vote on big decisions.

On the first point, London Life policyholders enjoy a great deal of protection whichever company they merge with. The legal protection provided by the court, and supervision from the Department of Trade and Industry under the 1982 Act, are such that the chance of anybody taking over a mutual and pillaging it are remote. The London Life/AMP scheme says London Life's funds will be separate from AMP's *and* that bonuses will be determined by reference to London Life's own investment performance and mortality experience.

The one caveat is that the person who decides the bonus declarations will be AMP's chief actuary in Sydney. Mere distance means the DTI will be less able to check up on him. But AMP will cut its own commercial throat if it allows bonus prospects to deteriorate. So, it has a clear interest in keeping policyholders' happy.

The second point is the issue of members' rights to a say in management. This is academic. No sensible observer thinks London Life should stay independent. And if there is a merger, either AMP or Equitable will run the show. The January 27 meeting and the Companies Court hearing will be the last chances policyholders have to influence the running of London Life.

The key question is whether you think AMP or Equitable will do a better job of managing a life assurance operation in the UK profitably.

On Equitable's side is its excellent track record, low expenses, and commitment to non-commission paying status. The two negatives are that Equitable is only medium-sized and cannot guarantee reaching a merger agreement.

The AMP has no track record in the UK to match Equitable's, and also lacks a history of philosophical adherence to the non-commission paying principle. But on AMP's side are size, conservatism, success in Australia, and an absolute determination to keep London Life prosperous and make it a UK flagship.

Furthermore, an independent actuary has said already that its merger scheme will not damage London Life policyholders' interests. The fact that AMP's present expense ratio is higher than Equitable's is irrelevant, since the Australian market is very different from the UK's.

Nick Bunker

The Vital Statistics (£)

	Life Funds	Total Premiums	New Business Premiums	Sales Force	Expense Ratio (%)
AMP (Worldwide)	9bn	1.37bn	1.01bn	4500	17
Equitable	3.35bn	499.8m	265m	280	9
London Life	1.19bn	113.4m	93.4m	130	23

Note: figures are for 1987, and use end-1987 exchange rates

FINANCE & THE FAMILY

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	2	5-100,000	30
Income bonds	10.75	8.47	6.78	monthly	2	2,000-100,000	90
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000	90
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	9.40	9.80	7.84	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.72	9.42	8.66	half yearly	4	-	0
8pc Treasury 1992	10.83	8.72	7.47	half yearly	4	-	0
10.25pc Exchequer 1995	10.46	7.88	6.33	half yearly	4	-	0
3pc Treasury 1990	10.05	9.25	8.77	half yearly	4	-	0
3pc Treasury 1992	9.04	8.20	7.69	half yearly	4	-	0
Index-linked 2pc1992§§	8.81	8.30	7.99	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

NEXT WEEK

Winners and losers

A BATCH of UK economic statistics is expected next week. In the stock market, this will focus the equity strategist's attention on industrial and service sectors vulnerable to monetary policy; in the company results list, people will be looking for winners and losers.

The UK economy had a bad year in 1988. As Peter Spencer of Shearson Lehman Hutton says, growth in domestic demand was ahead of all forecasts and imposed an enormous strain on inflation and the balance of payments.

Escalating interest rates, designed to cool demand, have dented the more sensitive companies' market ratings for some time, and impending mortgage rate increases are about to have their most direct effect on consumption.

Shearson says that consumer spending, particularly, will slow during the first half of 1989. Shearson is particularly bearish about prospects for consumer durables – where the strain showed, at retail level, in results from Dixons this week – and favours pharmaceuticals, motors, oil and chemicals.

Retail sales figures for December are due on Monday. Spencer believes that these will show whether a 13 per cent bank base rate is enough to take the heat out of the economy. This year, Shearson expect a December rise of 1 per cent, topping a forecast range which runs down to a decline of 0.4 per cent at the bottom.

A scenario in which low retail sales growth is good for the economy is not going to be good for many retailers. However, Asda, the food and carpets superstore group, may be less cyclical than some. The company has had its share of bad times in the stock market. In 1988, food retailers saw a slowdown in volume sales; there were suggestions that shoppers were spending more carefully, or even trading down, and established leaders in the field were downgraded.

Asda itself was in limbo, hiving off MFI – a notably unsuccessful and short-lived acquisition – and waiting for its own switch to central distribution to pay off in 1990-91. However, analysts say that benefits are now showing through from Asda's accelerating store opening and modernisation programme, and expect Monday's first half interim profits to show a rise from £94.8m. to £105m. on the way to £242m (£215m) for the year.

Distribution is not necessarily tied to the fortunes of the retailer. Richard Hannah of UBS Phillips & Drew saw "enormous potential" for the third party distribution market in a recent note on NFC, the erstwhile National Freight Consortium. Next Tuesday NFC is due to produce preliminary figures for 1987-88, and a pathfinder prospectus for its imminent market flotation.

NFC covers transport (as BRS), distribution for a huge list of corporate customers including Sainsbury, Tesco and Marks & Spencer, household removals (via Pickfords), travel services and property. Profits had grown from £11.8m to £47.4m in the four years to October 1987; last year they were forecast to rise to £64m.

Its pathfinder prospectus will leave a couple of blanks: the amount of the rights issue, which could be up to £100m; and the rights price, ahead of an underwriting to be arranged at the end of this month. Ahead of the rights, the equity capitalisation of the company was £590m at a November dealing price of 185p a share.

The week's other major, arguably non-cyclical contender is Trusthouse Forte, which is scheduled to issue preliminary figures on Thursday. As the largest British hotels and catering group, however, THF has its own international economic and political considerations.

The rise of sterling at first encouraged US and western European tourists to make spring and autumn visits to Britain, improving THF's occupancy ratios in the off-peak periods while the peak period remained busy enough. Ron Littleboy of the Nomura Research Institute is expecting pre-tax profits to rise from £180m to £218m with the help of a large property element.

However, unlike some punters – who are hoping for a full revaluation of THF's properties to produce net assets of over 400p a share against a recent share price of around 260p – Littleboy expects a partial revaluation and assets of 265p a share. This, he observes, would enable THF to keep its powder dry in case a predator is waiting to bid for the company.

William Cochrane

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglia Television	Monday	1.8	4.0	2.3
Ankett Associates	Tuesday	-	-	-
Barr AG	Monday	3.2	9.7	3.2
Brooke Tool Engineering	Tuesday	0.67	1.9	0.7
Burndene Investments	Tuesday	1.5	4.0	2.0
Cardiff Property	Thursday	0.6	1.3	0.65
Colorvision	Thursday	-	1.4	2.6
Eurotherm International	Tuesday	1.7	4.2	2.2
Evode Group	Monday	1.2	3.2	1.4
First Leisure Corp	Wednesday	3.0	6.57	0.9
Gestetner Holdings	Monday	0.5	2.0	1.0
Group Development Capital Tst	Thursday	-	0.08	-
Hunterprint Group	Friday	2.08	5.0	3.0
Johnstone's Paints	Tuesday	1.78	3.0	1.78
London & Clydeside	Tuesday	1.7	4.0	1.7
London Scottish Bank	Monday	0.8	1.2	0.8
Lookers	Wednesday	1.3	2.87	1.8
LPA Industries	Tuesday	1.16	1.3	1.4
Moorfield Estates	Thursday	-	-	-
Norfolk House	Monday	-	-	0.7
St Andrew Trust	Friday	1.5	2.7	1.8
Selective Assets Trust	Friday	-	-	-
Splash Products	Friday	1.1	1.1	1.5
Sturge Holdings	Tuesday	2.4	4.4	3.2
Trusthouse Forte	Thursday	1.53	5.57	1.78
Waverley Cameron	Thursday	-	0.35	-
INTERIM DIVIDENDS				
Adscene Group	Tuesday	1.5	2.6	-
Asda Group	Monday	1.6	2.6	-
Brunning Group	Wednesday	1.2	2.5	-
Bucknall Austin	Wednesday	-	-	-
Clark Matthew & Sons	Wednesday	4.5	8.5	-
Clogau Gold Mines	Wednesday	-	-	-
Cook DC Holdings	Thursday	0.9	1.9	-
Courts (Furnishers)	Tuesday	2.0	3.1	-
Electron House	Wednesday	2.0	2.5	-
Empire Stores (Bradford)	Tuesday	1.6	3.57	-
Exmoor Dual Investment Trust	Monday	-	-	-
Fitch Lovell	Thursday	4.0	8.0	-
Fletcher King	Monday	2.5	4.7	-
Goode Durrant	Monday	2.7	2.2	-
Hampson Industries	Tuesday	0.4	1.2	-
Harrison Industries	Tuesday	2.1	4.7	-
Heritage	Monday	-	-	-
Hidong Estate	Tuesday	-	-	-
Highgate & Job	Wednesday	-	-	-
Highland Electronics	Wednesday	1.0	2.0	-
Jarvis J Holdings	Thursday	0.5	1.1	-
Kewill Systems	Thursday	-	2.2	-
Knobs & Knockers	Wednesday	0.67	1.3	-
Parkfield Group	Monday	2.0	5.0	-
Rentaminster	Tuesday	-	-	-
Ross Consumer Electronics	Monday	1.2	2.3	-
Smith David S Holdings	Monday	2.1	4.9	-
Stanco Exhibition Group	Monday	-	0.4	-
Stanley Leisure Organisation	Thursday	1.5	2.1	-
Symonds Engineering	Thursday	0.3	0.7	-
VSEL Consortium	Thursday	3.0	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Argyle Trust	107§§	105	92	22.87	Dewey Warren
Armstrong Equip.	155§§	138	160	82.60	Wardle Storeys
Ardel	92*	94	85	116.82	Textron
Bassett Foods	400*§	450	400	62.94	Procordia
Brit. Syphon	155*	156	158	48.73	Britannia
CLF Hldgs.‡	250††	251†	158†	88.1	Yeoman Intl.
Cambrian & Gen.	108*§	113	92	49.30	Leucadia
Camb. & Gen. Cap.	120*§	127	105	18.64	Leucadia
Christy Hunt‡	70††	68	52	33.97	Triplex Lloyd
Collins (Wm.)‡	860*§	875	543	135.94	News Intl.
Collins (Wm.) A‡	736*§	725	453	268.72	News Intl.
Corah‡	75*§	73½	65†	27.2	Charterhall
Cundell‡	185*	183	171	33.3	Smurfit (J.)
Dale Group	88	90	87	10.73	Beauford
Hammerson	815*§	942	739	294.32	Rodamco
Hammerson A	780*§	870	675	1.01bn.	Rodamco
Johnson Fry‡	161§§	155	102	22.15	LIT Hldgs.
Johnstones Paints	230	221	206	24.15	La Seigneurie
London Shop	340*	338	304	204.53	Peel Hldgs.
Ryan Int.	140*§	132	104	89.59	Digger
Thomson T-Line	80*	92	50	135.08	Ladbroke Group
Underwoods‡	150*	149	91	40.8	Boots

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 13/1/89.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey Panels	Sept	908	(1,420)	22.4	(36.0)	3.0	(2.4)
Ace Belmont Int	Aug	5,620	(2,840)	161	(80.9)	-	(-)
Alexanders Hldgs	Sept	1,730	(906)	3.1	(1.46)	1.0	(0.7)
Assoc Newspapers	Sept§	36,800	(56,900)	17.6	(29.8)	-	(-)
Body Shop Int	Sept	9,340	(6,000)	13.4	(9.3)	2.2	(1.5)
Countryside Prop	Sept	19,250	(11,127)	35.5	(21.6)	3.1	(1.9)
Daily Mail & Gen	Sept	3,260	(3,160)	39.1	(71.0)	73.0	(70.0)
Dewhurst	Oct	739	(590)	6.4	(5.0)	1.7	(1.4)
Gardiner Group	Oct	1,890	(1,800)	3.1	(2.4)	0.7	(-)
Hawthorn Leslie	Aug	4,100	(3,300)	1.7	(1.5)	0.2	(0.2)
Horne Robert	Sept	15,400	(13,162)	30.1	(26.4)	8.2	(6.9)
Irish Cont Group	Oct	823	(586)	-	(-)	1.67	(-)
Kunick	Sept	5,100	(3,423)	3.5	(2.5)	1.4	(1.0)
Macarthy	Oct	6,100	(5,600)	15.9	(24.1)	11.5	(11.5)
Neotronics Tech	Sept	1,830	(2,680)	4.86	(7.73)	1.8	(1.2)
Sock Shop Int	Sept	2,620	(1,832)	7.5	(5.5)	2.0	(0.8)
Southrn Business	Sept	6,810	(4,102)	30.4	(21.4)	6.0	(4.6)
TSB Group	Oct	420,000	(340,356)	18.3	(17.2)	5.2	(4.7)
TVS Entertain	Oct	26,100	(23,500)	32.6	(36.0)	13.2	(12.5)
Wheway	Oct	5,360	(2,370)	8.4	(5.46)	2.2	(1.62)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbey	Oct	7,520	(4,947)	2.2	(2.2)
Astra Holdings	Sept	4,050	(2,620)	0.3	(0.3)
Astra Trust	Oct	381	(89 L)	-	(-)
Banks Sidney C	Oct	1,090	(1,260)	2.1	(2.1)
Barbour Index	Oct	2,180	(1,910)	2.5	(2.0)
Bespak	Oct	1,610	(1,437)	2.2	(2.0)
Cantors	Oct	926	(804)	1.0	(0.7)
Carclo Engineering	Sept	4,400	(3,600)	1.35	(1.1)
Coated Electrodes	Oct	211	(825)	-	(1.4)
Colefax & Fowler	Oct	717	(496)	1.1	(-)
Debenham Tewson	Oct	3,510	(2,140)	2.0	(1.5)
Dixons Group	Nov	42,000	(48,300)	1.43	(1.3)
Douglas Robert M	Sept	3,720	(2,175)	2.0	(1.3)
Ellis & Everard	Oct	5,040	(4,100)	2.0	(1.9)
First Technology	Oct	1,920	(1,030)	2.5	(1.7)
Fleming Overseas	Dec	4,890	(2,520)	1.5	(1.0)
Hiclare	Sept©	72	(175)	-	(-)
Honorbilt	Oct	372	(96)	-	(-)
Howden Group	Oct	5,400	(3,600)	1.4	(1.28)
Investment Company	Sept	437	(477)	0.25	(0.23)
Jones Stroud Hldgs	Sept	3,680	(2,910)	2.6	(2.0)
Jurys Hotel Group	Oct	1,370	(1,273)	1.6	(1.5)
Markheath Securities	Sept	3,780	(2,032)	1.5	(1.0)
ML Holdings	Sept	2,730	(1,685)	0.72	(0.6)
Nobo Group	Oct	1,640	(1,090)	2.2	(1.76)
Real Time Control	Sept	62	(237)	-	(-)
Sheafbank Property	Sept	434	(126)	0.1	(-)
Stead & Simpson	Sept	6,070	(4,850)	1.7	(1.4)
Tomkins	Oct	19,160	(16,810)	2.0	(1.32)
Travis Perkins	Sept‡	8,680	(6,160)	1.0	(1.6)
Turnbull Scott Hldgs	Sept	714	(495)	2.1	(1.19)
Westpool Invest Tst	Oct	3,290	(2,150)	0.3	(0.3)
Wyko Group	Oct	1,240	(763)	1.2	(1.1)
Zetters Group	Sept	113	(283)	1.5	(1.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ This years interim dividend for 9 months.# this years profits after exceptional costs of £34.2m.© last years figs for 12 months.

RIGHTS ISSUES

ERF Holdings is to raise £6.1m via a one-for-four rights issue at 230p.
Friendly Hotels is to raise £11.8m via a rights issue of convertible preference shares.
Lowe Robert H is to raise £3.95m via nine-for-twenty rights issue of convertible preference shares.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Associated Farmers is to join the Third Market via an introduction.

FINANCE & THE FAMILY

EXPATRIATES

Caught in the snares of the IHT trap

WHILE IT might be true that the only two certainties are death and taxes, usually they are thought-of in separate breaths – unless, that is, you are a British expatriate.

For them, inheritance tax (IHT) – in previous incarnations, it has masqueraded under names such as capital transfer tax and estate duty – differs markedly from other UK taxes levied on income and capital gains. You are not normally liable for income and capital gains tax when working or living abroad. With IHT, though, you are deemed to be domiciled and, therefore, remain liable to pay it on all your assets wherever they are.

The only way to escape the snares of the IHT trap is to change your domicile – and that's not easy. In a 1984 case involving the estate of property tycoon Charles Clore, the courts held that an English domicile prevailed because there was a lack of evidence to substantiate Clore's intention of residing permanently in Monaco.

Where an individual has managed to convince the UK tax authorities of a genuine change of domicile – say, by creating residence business and citizenship ties to his adopted country over a period of at least three years - there could still be an IHT liability on UK assets. It might be possible to avoid this by setting up an offshore company that would own the assets, with shares in the company being owned by the individual.

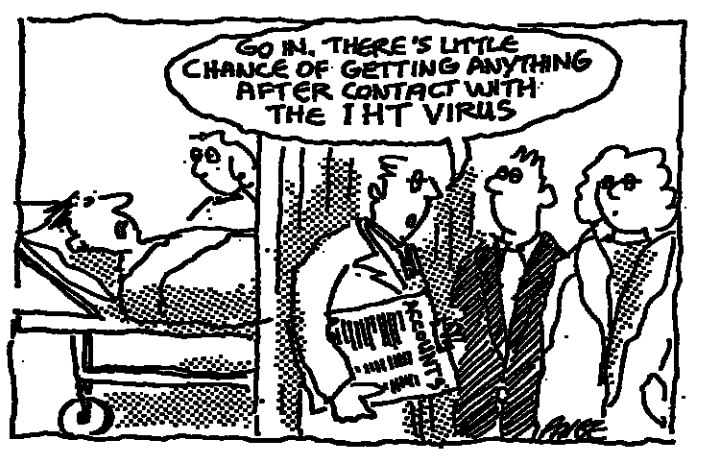
So, what are British expatriates doing to plan for their IHT liabilities? Very little, if the experience of their counterparts in the UK is anything to go by.

A new report from market research company Mintel estimates that while 25 per cent of adults in the UK think IHT could affect them, fewer than one in 100 people have planned for its consequences.

Why not? There is the obvious point that any planning connected with one's own demise is never very palatable. More obliquely, Mintel suggests that by the time individuals get round to assessing the likely wealth they will be passing on, most will have stopped earning and will be disinclined to enter into a contract that reduces it. This is understandable, even if their children or other recipients of the estate stand to lose quite significant sums.

Many insurance companies offer IHT mitigation schemes, some of which are quite complex. But even before getting to that level of sophistication there are various simple planning points that can be used to reduce the impact of the tax.

IHT begins to bite at a flat rate of 40 per cent on estates of £110,000 and upwards. So, for example, on an estate of £500,000 the IHT charge would be £156,000. The main exemption relates to gifts between husband and wife.



There is a special exemption, too, for members of the armed forces who die from a wound, accident or disease contracted while on active service and similar relief is available for the estates of members of the Royal Ulster Constabulary who die from injuries caused in Northern Ireland by terrorist activity.

In addition, there are various exemptions for lifetime gifts. Outright gifts between individuals, and gifts by an individual into accumulation and maintenance trusts or trusts for the disabled, become exempt from tax provided the donor survives seven years from the date of the gift. During that period, they are called potentially exempt transfers (PETs). Death of the donor within seven years of making the gift attracts an IHT charge on a sliding scale basis.

Some expatriates might feel they have a dilemma in that, although they could give away money now, they are reluctant to do so for fear their children will fritter it away. Peter Vaines, tax partner of chartered accountant Brebner, Allen & Trapp, says this problem can often be solved by creating a trust for the benefit of the family. Usually, the parents, along with their financial and legal advisers, become the trustees.

Provided the trust is constructed in such a way that the parents cannot recover the money for their own use, they can hold it for the children and grandchildren for the rest of their lives if necessary. The parents would be responsible for looking after the money, which would probably be invested in exactly the same way as before.

Insurance undoubtedly has a role to play in IHT planning, but it is important not to be beguiled by the insurance companies' marketing force. Vaines argues that the insurance route is primarily a means of saving to pay the tax, whereas attention should really be directed towards preventing the tax becoming chargeable in the first place.

That personal risk management approach means, for example, maximising the IHT nil rate band (up to £110,000) and making use of a discretionary trust.

One area where simple life assurance can play a part is in shielding lifetime gifts from tax. The risk of the donor dying within the key seven-year period after making a gift can usually be covered inexpensively by a term policy on a decreasing basis in line with the sliding scale of IHT liability.

Peter Gartland

□ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

GAM tops fund rating

WHICH WAS the best performing unit trust group last year? Global Asset Management (GAM), according to the sector performance analysis method used by Micropal. GAM came a clear first some way ahead of Guinness Mahon, Metropolitan, Windsor and Fidelity.

The five worst-performing groups, according to Micropal, were Waverley, Dunenil, Scottish Provident, Brown Shipley and Gartmore.

However, performance assessment depends largely on the method. Micropal's method tends to favour groups with only a few funds, since ratings are based on the performance of the group in individual sectors; this is then used to calculate an average. The more sectors the group is in, the more the likelihood that a poor performance in one will reduce its average rating.

It is, perhaps, no coincidence that GAM has only four UK authorised unit trusts – the minimum required to qualify for the awards. Its two star performers were Sterling & International and UK Sterling, both second in their sectors. Its Far East fund was 26th out of 78, and its North American 29th out of 116 in the same sector.

In fact, none of Micropal's top three management groups had any funds in the top 20 best performers last year.

FUTURE was the top-performing offshore fund management group last year, according to Micropal. It achieved a return of 271.19 per cent, converted into US dollar terms. The same group also took second and third place with Adler Commodity (up 271.2 per cent) and Adler Financial (up 205.8 per cent).

Out of the top 25 offshore trusts, 14 were Far Eastern specialists including MIM-Britannia's Nippon Warrant, which took fifth spot.

The poorest performers in 1988 were mainly Swiss franc currency and gold funds. In bottom spot was Forbes Strategic Trading, which gave a return of only £55.17 for every £100 invested, followed by Standard Bank Gold (£66.35), Forbes Gold Appreciation (£67.37), AEtna Goldmine (£68.46) and NM PSF Gold (£72.78).

Abtrust had the top two funds – Far East Emerging Economies and Pacific in the same sector - but, under sector performance analysis, it was rated only 46th out of 97 groups.

Fidelity was outstanding among the bigger groups, gaining fifth place and having two funds in the top 10.

John Edwards

Eric Short reports on a pact with Luxembourg

Deal opens door to more UK investors

LUXEMBOURG-BASED investment funds could be available widely to UK investors as early as May as a result of an agreement reached between the Luxembourg authorities and the Department of Trade and Industry.

In this respect, the agreement pre-dates the implementation of the European Community's UCITS (Undertaking for Collective Investments in Transferable Securities) directive due to come into operation in October.

When the deal with Luxembourg becomes effective, it will provide the average Briton with a wider range of investments which, because of marketing restrictions, have until now been available in practice only to expatriates or sophisticated UK investors through expert advisers.

Luxembourg is now one of the world's major off-shore investment centres. Its liberal tax regime has attracted a host of financial groups to set up a variety of operations.

Many of the Luxembourg groups – including such names as Gartmore, GT, Henderson, Wardley and Mercury – are familiar to British investors already. French financial houses also are present in the Grand Duchy – but they want to sell French, not Luxembourg, funds to UK investors. American and Japanese investment houses are setting up operations in Luxembourg and are expected to be major players in Europe very soon.

The main obstacle to overseas firms marketing in the UK is the lack of an existing distribution network and the problems in establishing one because of the Financial Services Act.

Companies have found the tax regime attractive

UK investment houses already have such networks to market their authorised on-share unit trusts. The agreement now enables them to market their Luxembourg funds through these same sales outlets.

The Luxembourg funds likely to be offered to UK investors are those that have a tax advantage over on-shore funds, in particular umbrella funds and gilt funds. Indeed, Tom Veitch, the deputy chairman of Wardley Investment Services International, sees this agreement as a major opportunity to promote umbrella funds in the UK.

The first requirement in marketing any Luxembourg fund is that it receives a UCITS authorisation from the Luxembourg authorities. Umbrella funds do meet the UCITS requirement of being invested directly in securities, although this does mean that the money funds are restricted to very short-dated gilts and Treasury bills. But fund of funds trusts, which invest in units of other funds, do not meet the UCITS criteria.

Gartmore and Henderson, as well as Wardley, have also indicated their intention to concentrate on marketing umbrella funds. No doubt others will adopt a similar line.

GT does not have an umbrella fund in its Luxembourg product range, being unhappy with the underlying concept. However, Malcolm Weightman, GT's group retail manager, aims to market off-shore funds in the UK as quickly as possible, envisaging an income package based on its gilt funds.

At present, Luxembourg-based umbrella funds have a tax advantage in that switches between the different investment funds are free of capital gains tax liability. But it is expected widely that this will be changed for UK investors in the March Budget.

The other feature of off-shore funds that could well interest UK investors is that most of them still operate on an historic basis, so you can deal in any amount without triggering off a change in the pricing system.

However, there are disadvantages, too. Luxembourg funds are not covered by the Securities and Investment Board's compensation scheme, and this lack of protection will need to be highlighted in any promotion or advertising.

Furthermore, if these funds are marketed through intermediaries, there is no official cooling-off period in which the investor can change his mind.

Boost for the Continentals

BRITISH-BASED fund management groups will no doubt be licking their lips in anticipation of the possibilities opened up by the new agreement between the UK and Luxembourg on unit trusts.

However, the deal is also a boost for Continental investment managers who have been eyeing the opportunities in the UK market, so the flow of freely advertised offshore funds which are likely to appear in Britain from March could include some unfamiliar names.

At the moment, about 520 investment funds promoted by groups world-wide – including Japan and the US as well as other member states of the European Community – are approved by the Grand Duchy's authorities. Another 170 have applied for authorisation to the Luxembourg Monetary Institute, leading one local wag to comment that it will not be long before there is one fund for each of the country's 999 square miles.

Only about 40 funds, however, have been accorded the vital UCITS status under the Grand Duchy's new legislation, although most will ultimately be hoping to secure this passport to the cross-border pastures of 1992. The list is growing all the time but includes, for example, the Asset Mix fund run by Royal Trust and a fund run by Kredietbank of Belgium (owner of a Brown Shipley shareholding).

The deadline of October this year for implementing the UCITS directive throughout the EC will, of course, concentrate managers' minds. But the preliminary thoughts of a Luxembourg-based spokesman from Banque Paribas, one of the biggest fund promoters in the Grand Duchy, suggests that Continental European managers are not exactly queueing up to get into the British market.

"Funds in the UK are marketed in a quite different way," he pointed out. "Use of an intermediary is very widespread, whereas European banks tend to sell their units only to their own customers. I can't really see any great interest, except from those who have a lot of branches of access to the distribution system.

"Moreover, the commissions which we charge up-front and on redemption are pretty low and don't leave much of a margin for paying an intermediary. We prefer to give this advantage to the investor."

Tim Dixon

Chess

HEROIC defence was how Niemzowitsch – a chess theorist who it is fashionable to quote, although uncommon to follow – described the type of style which involves a player placing himself willingly under extreme pressure. The idea behind this approach is that a sound position's innate resilience, allied to defensive precision, will defeat an attacker's efforts to break through and leave him over-extended against a sudden counter-strike.

The theme of heroic defence has its parallels in sport, although under different names. Baseline lobs into the sun against an incoming volley at tennis, persistent safety play at snooker, Liverpool going for the 0-0 draw in a difficult away cup fixture, and spinners bowling to West Indian batsmen with the fielders scattered round the boundary – are all cast in the identical mould, based on the eternal psychological priciple that a frustrated attacker will eventually lose his self-control.

Defence of this type is a skill so refined and rare at the chessboard that it has few genuine followers. Viktor Korchnoi, the former world title contender, is its leading exponent and his results have been impressive. Korchnoi's policy is to set his opponents original situations, provoking sacrificial attacks which appear strong but contain an analytical hole. In this way, he scores useful points with the black pieces against the technically sound and risk-less chess favoured by some professionals as White.

Another heroic defence specialist is Sweden's No. 1, Ulf Andersson, who worked out the archetypal opening for players who favour the style. A typical sequence runs 1 P-QB4, N-KB3; 2 N-QB3, P-K3; 3 N-KB3, P-QN3; 4 P-KN3, B-N2; 5 B-N2, P-B4; 6 O-O, B-K2; 7 P-Q4, PxP; 8 QxP, O-O; 9 R-Q1, N-B3; 10 Q-B4, P-Q3 (Black can set up a similar formation against 1 P-K4 via the Sicilian Defence); 11 P-N3, Q-N1; 12 B-N2, R-Q1; 13 P-K4, P-QR3; 14 Q-K3, Q-R2; 15 N-K1, QR-N1.

Black's convoluted manoeuvres are designed to regroup his pieces into optimum positions to support an eventual counter-strike by P-QN4 or P-Q4.

At a more practical, everyday level there is a milder version of heroic defence, setting up apparently static pawn formations which have an inner dynamic. This week's game is an example by the legendary Bobby Fischer. Black's pawn structure at KB4 and KN3 looks invitingly weak, and White decides at moves 12-18 to home in with pressure from a bishop/knight attacking force.

What he has missed – and players do have blind spots about such obvious counters – is that the supposedly weak pawn can advance when White's attackers immediately themselves become disorganised targets. This is sophisticated strategy, but not beyond the range of the intelligent strong player who aspires to expert or master rank.

White: Wolfgang Pietsch (East Germany).

Black: Bobby Fischer (US).

King's Indian Defence (Havana 1965).

1 N-KB3, N-KB3; 2 P-B4, P-KN3; 3 P-KN3, B-N2; 4 B-N2, O-O; 5 O-O, P-Q3; 6 P-Q4, QN-Q2; 7 N-B3, P-K4; 8 PxP.

By hindsight, this is a dubious exchange. White should maintain the central tension by 8 R-K1.

8 ... PxP; 9 Q-B2, P-B3; 10 R-Q1, Q-K2; 11 N-KN5, N-K1; 12 P-K4, N-B2; 13 B-K3, P-KR3; 14 N-B3, N-K3; 15 QR-N1, P-KB4; 16 N-KR4, Q-B2; 17 PxP, PxP; 18 B-R3, P-B5!

At one stroke, Fischer refutes White's misconceived plan of the previous dozen moves.

19 Q-N6, N-N4! 20 BxN, BxB; 21 QxQ ch.

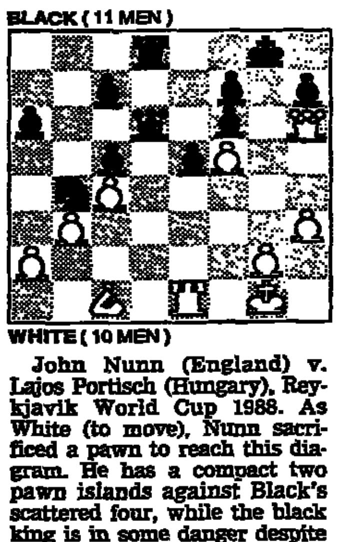
If 21 PxP, N-B6 ch wins.

21 ... RxQ; 22 PxP, PxP; 23 B-Q4, B-N5; 24 R-Q2, R-Q2; 25 Resigns.

White loses rook for bishop, with a poor position.

PROBLEM No. 756

BLACK (11 MEN)



WHITE (10 MEN)

John Nunn (England) v. Lajos Portisch (Hungary), Reykjavik World Cup 1988. As White (to move), Nunn sacrificed a pawn to reach this diagram. He has a compact two pawn islands against Black's scattered four, while the black king is in some danger despite the many piece exchanges. How should the game continue?

Solution Page XIX

Leonard Barden

A home for mother

WOULD you please clarify a point on "reservation of benefit" as it applies to inheritance tax.

I have an 87-year-old mother who is living in a house that is one-third hers and two-thirds mine. She wishes to transfer her part of the house to me, but to stay on there until she dies. In such a case I believe that, normally, the house remains as part of her estate for IHT purposes.

However, I have been told that there is an exemption from this "reservation of benefit" ruling where both an unforeseen change of circumstances and her old age and infirmity are cause enough for the transfer not be treated as a reserved benefit, provided it represents reasonable provision for the care or maintenance of the donor of the house.

My mother's husband (my step-father) died in October 1987. Does that qualify as an "unforeseen change of circumstances" now?

I pay all the expenses of running the house. Does that constitute "reasonable provision for the care and maintenance of the donor." What steps should I do to take the one-third share of the house out of my mother's estate for IHT purposes?

■ There will not have been an unforeseen change of circumstances since the time of the gift if, as seems to be the case, the gift of the remaining one-third share has not yet been made. It would be better for your mother to sell you her one-third share and to make a gift of the price to someone other than you (e.g. your children). She would remain in the house not by virtue of her former interest in it but because you, as owner of a majority interest, permit her to reside there.

Gutter sniping

I HAVE LIVED in my present property since August 19, 1988, the previous owner having died in February 1988. During that intervening period, my neighbours erected an extension to the rear of their property that has been built over the full width of the party wall (apparently, they obtained consent from the previous owner to do so). However, they have also added a rain-water gutter, to my side, which overhangs a full 100mm, and have connected the gutter to my rain-water pipe and gully.

I have seen the building regulations application they made. It shows the gutter and downpipe on their property, *together with a new soakaway* which they have not installed, but they maintain that the building control officer approved *the connection* to my drain verbally. What I need to know is:

1. Is it possible to make them remove the gutters?

2. What are my rights considering they have now taken over the full width of the party wall – the plans being approved by the local council and previous owner.

3. What would the position be if the previous owner had not given consent? (I have seen a copy of the consent letter and am having the signature verified with the former owner's solicitor).

4. Their new boundary fence is now off the centre line of the party wall and is therefore encroaching four inches into my property. What remedy is available?

■ 1. Yes, if you act promptly.

2. Your rights are unchanged: no amount of council approval can deprive you of your legal rights as owner of half the party wall. However, you will probably be unable to back down from any consent given formally by the previous owner. The neighbour was entitled to rely on that, but not to go beyond it.

3. If your predecessor did not consent, you can insist on the neighbour keeping to his own side of the property – unless your predecessor knew that his side was being invaded and he stood by and made no complaint when the building over his part of the wall was effected.

4. Notionally, you could seek a court order to restore the fence to its correct position; but if the encroachment is as little as you suggest, the court might refuse to make an order.

Hired and fired . . .

I RECENTLY received an invitation to attend an interview for a post as a permanent part-time secretary at a solicitor's office. At the interview I was offered the job, the terms (hours, salary and holidays) were agreed and I was given a firm starting date. I accepted the job, declined an interview for another job and stopped looking for work.

The *solicitors* then phoned me to put back the starting date, and later advised me by *telephone* that the *firm* was not taking on any staff at present and I would not be required. I have lost both the job and also opportunities to seek further employment while waiting to start work there. What damages am I entitled to claim and/or what other redress do I have?

■ You appear to have had an oral contract for the employment offered. That would entitle you to be paid from the (original) commencement date to the time when you were given notice *that* you were not required. It is arguable that you were also entitled to reasonable notice of, say, one week from the time when you were told that. Your claim would, therefore, be for your agreed salary from the starting date to one week after the telephone call telling you not to attend. You can pursue that in the County Court (the small claims arbitration in that court if the claim is less than £500).

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Parking worry

I AM THE freehold proprietor of an end-of-terrace retail shop. About two years ago, the shop two doors away was sold, together with its freehold, for a different use. The new owner asked if he could use the driveway at the rear of my shop – which is part of my property – not for delivery purposes, as I had allowed the previous owner, but in order that his staff and clients could park their cars.

I explained that I had given *verbal permission* to the previous owner and was prepared to do the same for him, but reserved *the right* to withdraw this concession if circumstances caused me to do so, such as *the need to* extend my premises by building on the space.

I have now heard a rumour that he plans to develop the property by building two floors above his single-storey shop. The access to his premises would then be of even more importance to him. Would it be possible for him to establish a permanent right of way through usage; is there a statutory period of time after which the right of way becomes legal possession of those who use it; and, if this is the case, could I prevent this by writing to him rescinding the verbal agreement?

■ You would be wise to record the position more clearly than you have done at present. If there is *no* permission at *all* given, the person using the right of way could establish a *full indefeasible right* (an easement) after 20 years. It is possible that, even with oral permission, a *full* right can be acquired after 40 years.

You should write to the store owner and require that the matter be put on a more formal basis by your granting him a written licence, which will be expressed to be revocable by you and which he must sign.

FINANCE & THE FAMILY

Tree danger

NEEDLES FROM a yew tree, sited in an old churchyard adjacent to my house (built 1974), clog up the gutters and downpipes. The district council, which owns the churchyard and tree, agrees that a problem exists.

I first drew the council's attention to this problem in July 1987. In October 1987, after the hurricane, I informed it that I considered the tree to be a potential danger to my house — in particular, the roof — because a similar tree nearby had branches snapped off it in the high winds. I proposed the removal of the entire crown to minimise this danger.

After examination, the council said that because the tree appeared to be sound and was subject to a preservation order (as, indeed, are all the trees because we live in a conservation area), the removal of the crown could not be justified. It therefore agreed to cut back the tree to free the property. Some branches were lopped in the spring of 1988. Others on the crown were left and still overhang my roof and boundary.

While this action has alleviated the blockage problem, it has not resolved it. In August 1988, a council planning officer and its tree consultant agreed that something further needed to be done, leaving me the impression that further lopping would be carried out by the council.

I have now been informed that the tree consultant considers that further lopping would unbalance the tree and would not substantially affect the amount of leaf litter falling. He considers it would be necessary to remove the tree to overcome the problem. The planning officer has stated that he did not consider further tree surgery justified or desirable, bearing in mind the amenity value of the tree. He also advised me that if I submitted a planning application, it would not be granted.

I consider the "amenity value" of the tree to be a matter of opinion and the complete removal of the tree unnecessary to resolve the problem. The tree is already unbalanced on my side as a result of lopping by a previous owner. Can I insist on the council resolving this matter by at least removing the branches overhanging my boundary.?

■ It seems that your remedy would be to procure an injunction to require the council to cut back the branches or remove the tree, leaving the option to the council.

Plotting for the future

I HAVE rented a piece of land from the council for use as a vegetable plot for 15 years. It is situated conveniently adjacent to my own garden and, although there has been no written agreement, I have paid an annual rental. The council now wishes to introduce a formal written "allotment agreement" and to increase the rent substantially. What rights do I have as a tenant, especially with regard to continuity? If I sell my house and garden in the future, do I have a right to assign the use of the council-owned land to the purchaser?

■ It seems from your description of the position that there might be considerable doubt whether your existing periodic oral tenancy is an allotment tenancy agreement, in which case you have very little security — only the right to be given six months' notice to quit, to expire on the annual rent day.

The proposed new agreement would give you greater security by bringing it within the provisions of the Small Holdings and Allotments Acts 1908 and 1922. The Allotments Act 1922 (as amended) gives you a right to 12 months' notice to quit, which must not expire in the period April 6 to September 29 in any year. Whether the council will agree to the tenancy's being assignable is a matter for negotiation: it is more likely that the council would wish to use the opportunity to have a surrender by you and a re-grant to the new owner of your house.

Trusts poser

Christine Stopp assesses the effect of new rules on investors

IS THE investor in unit trusts better or worse off as a result of the changes introduced under the Financial Services Act (FSA) in 1988? One way to find out is to assess the "gains" and "losses" from the changes and tot them up.

THE GAINS

■ Rounding has been abolished. This was hidden within the pricing formula and was exploited by many groups to make substantial profits at the expense of unit-holders. Most were unaware of the existence of rounding profits, so their abolition has made pricing much fairer.

■ Backward creation of units has ceased. The new pricing system has ruled out the possibility of creating units at known prices, which again was used by fund managers and big buyers of unit trusts, such as leading brokers, to make profit at the expense of existing unit-holders. Prices are now more up-to-date and the new system is fairer to unit-holders entering, leaving or staying in the fund.

■ Cancellation rights. These allow some purchasers of unit trusts (mainly those dealing through tied agents or company representatives) to change their mind for up to two weeks after the initial purchase order.

■ More information is available. Groups are obliged to provide particulars and cancellation prices are given in the press.

■ Paperwork is faster. The rules have been tightened over the process of sending out contract notes and unit certificates, which now have to be despatched within three weeks. Before the FSA, they could take two months or more.

■ A more-formal complaints structure of a sort that is new to the unit trust industry. Trust groups now have a duty to deal with complaints promptly; if they don't, complaints can be addressed to the self-regulatory organisations or the new unit trust ombudsman.

THE LOSSES

■ Increased charges. Many groups have put up charges during the year and the loss of rounding is claimed to be one of the main reasons. Insofar as the FSA is responsible for the increase, this is its most obvious disadvantage for the unit-holder.

■ Pricing uncertainty. Some groups now are dealing on a forward basis, some historic, and some are using a hybrid system of both. Investors may be irritated to find that an historic-dealing group has switched to forward dealings in the middle of the day since, if you have funds in several groups, you may find they are priced at different times.

■ Dealing blind. Forward pricing means that you do not know the price at the time you deal. This can be annoying even though, in theory, unit trusts are supposed to be a long-term investment.

■ Complicated regulatory structure. A dissatisfied unit-holder is uncertain which of the many new regulatory organisations to approach with a complaint or whether to go to the unit trust ombudsman since, so far, only about a third of all groups have joined the ombudsman scheme. All this creates confusion and duplication of effort, as well as increased costs.

■ Too much of the wrong sort of information. Particulars of schemes may run to 25 pages and read like a telephone book. The information given is not "user-friendly" and is difficult to understand.

For example, the way in which prices are shown in the press is seen by some people as having only limited use, since investors may not understand the cancellation price. Conversely, there is no requirement to show in so many words whether the fund is on an offer or a bid basis, or to tell the investor if the fund manager has changed. In general, much of the new information has been more likely to confuse than add to the investor's knowledge.

Adding up the gains and losses, it looks very much as if the investor is worse off under the new regulations. But that, of course, is an arguable case.

Bridge

MY FIRST hand, which comes from teams of four, was dealt by South with both sides vulnerable:

N
♠ K Q 10 8 4
♥ 8 4 2
♦ Q 4
♣ K 7 3

W
♠ 5 3
♥ J 7 6 5
♦ K 8 2
♣ Q J 10 8

E
♠ 2
♥ 9 3
♦ J 9 7 6 5
♣ A 9 6 4 2

S
♠ A J 9 7 6
♥ A K Q 10 3
♦ A 10 3
♣ 5

South opened the bidding with one spade, North raised to three and, without more exploration, South jumped to six spades. West led the queen of clubs, which held the trick.

Ruffing the knave which followed, the declarer paused to examine the position. If hearts broke 3-3 or the knave came down, the slam was cold. If the hearts were unkind, there was an extra chance of operating a squeeze against either of the defenders, who held four hearts to the knave and the king of diamonds.

Now, if East was the intended victim there was no more preparatory work to be done; but if it was West, it was absolutely essential to cash the ace of diamonds — the Vienna Coup — to free the position. After this, the declarer ran off dummy's trumps. When the last trump was played, West — holding king of diamonds, knave and seven of hearts — had no good discard. The king of diamonds would set up the queen in dummy; the seven of hearts — and this is what West threw — would set up the declarer's 10.

Please note the importance of cashing the diamond ace. If South does not do it, he will suffer the deep humiliation of squeezing himself because West discards after him.

The second hand occurred in a rubber:

N
♠ K 4
♥ J 9 2
♦ K Q J 5
♣ A Q 10 4

W
♠ 10 8 7 6 2
♥ A Q 6
♦ 10 9 7 3
♣ 6

E
♠ Q 9 5
♥ 8 7 5 3
♦ 6 4
♣ K J 9 2

S
♠ A J 3
♥ K 10 4
♦ A 8 2
♣ 8 7 5 3

North was the dealer at love-all and bid one diamond. South replied with two no-trumps and North raised to three.

West opened with the six of spades and East's queen was taken by the ace. Without much thought, the declarer led a club and finessed the queen, losing to the king. East returned a spade to the king in dummy. Crossing to hand via the ace of diamonds, South returned another club. When West showed out, he took with dummy's ace and switched to the knave of hearts.

This ran to the queen, and West led another spade to clear his suit and beat the contract when he obtained the lead with his ace of hearts. "Unlucky to find such a club break," did I hear you say? No, played badly. At trick two, declarer should play his king of hearts. West wins and leads another spade. The king takes and dummy returns the knave of hearts, which the queen takes. But the contract is safe, for the declarer gathers in one club, four diamonds, three spades and one heart.

Elementary, my dear Watson.

E. P. C. Cotter

MINDING YOUR OWN BUSINESS

Braced for the storms

THE bookselling trade is steeling itself for unseasonable storms. Terry Maher, the chairman of Pentos – Britain's largest chain of bookshops – is threatening to start discounting the cover prices set by the 89-year-old Net Book Agreement.

The trade is consistently one of the most popular choices for people who want to build their own businesses. If the Net Book Agreement – which prevents shops from offering new books below the cover price set by publishers – is challenged successfully by Maher or other retailers, the cold winds of

competition will be felt in every small outlet.

Some small booksellers will find it difficult to cope with more competitive selling because their temperaments are not suited to such a business climate. "Many come with a deep enthusiasm for books and no sales or business knowledge," says Tim Godfray, director of the Booksellers' Association in Buckingham Palace Road, London SW1, describing the sort of people who want to open a shop.

To provide a detailed, guided tour of the trade, the association has adopted a new book, *Starting and Running a Bookshop*, by Malcolm Breckman (published by Malcolm Stewart Books, Vines Avenue, London N3, £12.95). Some 3,300 bookshops belong to the association.

WHEN fortune-hunters arrived in London expecting the streets to be paved with gold, they were disappointed. But, in the age of the motor car, Britain's motorways and roads are able to provide unsuspected riches for entrepreneurs who can spot novel opportunities.

Two men with ideas for making money out of someone else's traffic misery feature this week. Michael Bedford will turn over £250,000 this year in his fourth year of hiring-out chauffeurs to people in the Home Counties and the London area.

Brian Marks is seeking his fortune with a new company to supply sophisticated parking meters powered by solar cells and other equipment for controlling parking – systems which, he claims, will eventually benefit both drivers and townspeople struggling to live alongside modern traffic.

Driven by the urge to succeed

Roy Hodson meets a man whose chauffeur company is on the road to success

MARK BEDFORD, aged 43, a burly former international marketing man for the Chrysler Corporation, is managing director of Duty Driver Ltd,* a concept which at first appears to be of breath-taking simplicity but which bristles with hidden problems.

He provides reliable chauffeurs to companies and individuals at a flat rate of £7.50 an hour, and shares the fee equally with the drivers. Most of the 200 drivers on his books are part-timers. Many of them are in the public services and have blocks of time available after working shifts. His list includes policemen, firemen, ambulance men, school-teachers, retired professional men, even chauffeurs doing a spot of "moonlighting."

Order a Duty Driver by telephone and the man turns up in his own car, which he parks before taking command of yours. He will be wearing a grey or blue suit, a white shirt, a dark tie, a peaked cap (if the hirer wishes it), and polished black shoes.

He will be equipped with an umbrella (essential for race meetings and town engagements on wet evenings), a torch, and a clipboard bearing the Duty Driver contract in duplicate. Before he touches your car, you will have to sign and verify that it is insured for any driver. At the end of the engagement (minimum three hours), you will both sign the document agreeing satisfaction and the time duration.

Bedford's simple concept was difficult to put into practice. He lost money for the first two years while learning the hard way how to pick the right people and then how to manage them in what is, wholly, a "people" business.

Since then, he has learned the necessary tricks. Duty Driver's growth has been fast and his business plan forecasts a doubling in turnover during the coming year to £500,000. From now on, the company's growth will be helped by a franchising programme.

Bedford, his partner and one full-time accountant work from a tiny office in Twyford, Berkshire. Their only piece of equipment beyond tables and telephones is a computer to handle the weekly pay of the drivers. Customers are billed monthly, however, and the time lag requires a flexible overdraft provided by NatWest.

When demand is high for drivers before Christmas, and in May, June and July during the English "season" (Henley, Ascot and Wimbledon), Bedford rings his bank manager and the overdraft is adjusted accordingly.

After three years studying the social habits of his clients, Bedford claims to be able to predict with accuracy the demand for chauffeur services on any day of the year. Strong patterns have emerged.

Now, he is putting that experience to use by a programme to franchise the Duty Driver operation in carefully-chosen parts of southern England and the Midlands. A typical franchise is expected to sell 5,000 hours of chauffeur time in its first year, notching up a gross turnover of some £40,000. So far, two franchises have been sold – in Chesham, Buckinghamshire, and Billericay, Essex – and another is on offer for what Bedford calls the "golden strip" from south-west London to Guildford.

A franchisee for Duty Driver has to pay up to £20,000 to the parent company. He takes 29 per cent of the driver's hourly fee, the driver 50 per cent and the franchiser 21 per cent, in return for which head office handles accounts, driver payments and central advertising.

The hidden problems involve choosing the drivers and developing the skills needed to retain their goodwill and enthusiasm. Bedford has honed his selection procedures such to a point that only one in 10 who apply is employed. Normally, they are over 30 and are expected to have a clean driving licence. If a Duty Driver is fined for speeding, his prospective clients will be told about this blot on his escutcheon before they accept his services.

The enthusiasm is being maintained by frequent personal contact between the small management team and the drivers. They have a lively programme of parties for drivers and their families when business is slack.

Bedford says he is surprised continually by the low driving standards of many applicants who want to become chauffeurs. So, Duty Driver insists that all candidates take a test run by former police traffic specialists.

**Duty Driver, 42A Station Road, Twyford, Berkshire RG10 9NT (tel. 0734-320-200).*

Michael Bedford, managing director of Duty Driver

A place to park in the market

Roy Hodson's tale of enterprise

LOCAL AUTHORITIES are showing increasing interest in buying sophisticated equipment to beat parking problems. Wheel clamps, parking meters, pay and display systems and automatic barriers are just four of the items in a growing selection of weaponry.

Electronic parking meters will replace the old clockwork models as soon as a new British Standards specification is approved this year.

This is the story of two businessmen who have put together a new company to try to take advantage of a potentially wide-open market.

■ ■ ■

"IT WAS a brutal shock," says graduate engineer Brian Marks, recalling how he lost his job as a marketing director. Within days of his 50th birthday, he and other members of the staff of Godwin Warren, a parking equipment-maker which was then in the hands of the receiver, were called to a meeting in the canteen and told they had no jobs. They were to go home at once.

His former sales manager, Alan Ashbee, 38, was also out of a job. Together, they took stock of their resources. It became clear to them that, jointly, they had a rare piece of stock-in-trade. They had amassed 27 years of experience in that esoteric corner of industry which specialises in the design and supply of parking systems.

"Between us, we have seen it all since the pioneer days," says Marks. They determined to cash in on their experience with a company of their own and spent the Christmas holidays putting the finishing touches to a business plan for their baby, which they have called (modestly) Universal Parking Systems Ltd.*

Alan Ashbee (left) and Brian Marks, directors of Universal Parking Systems

They moved fast. Before the bells of the parish church at Hurley, Berkshire, opposite Marks' house, were ringing in the New Year, they had acquired rented premises, a promise of equity participation, and a great deal of moral and practical support from the Swindon Development Agency (which is attracting promising new businesses to fill the gap left by the closure of the railway workshops in the town).

Essentially, Marks and Ashbee are backing their knowledge of the international parking systems market against the big battalions (such as the UK company, FKI, which makes the Venner parking meter, and the US supplier Duncan).

Marks believes has two powerful weapons in his armoury: a solar-powered electronic parking meter called the POM, made in the US, and a pay-and-display system, the PMMicropark, invented by a British engineer and made in Stockport. He is also including in his range what he considers to be the best car park barriers, which are made in West Germany.

Universal Parking Systems will be a David tilting at a market supplied by Goliaths. But it is underpinned by the experience of the two founders, their choice of products, and a sound business plan that has attracted the quick support of NatWest and the Swindon agency.

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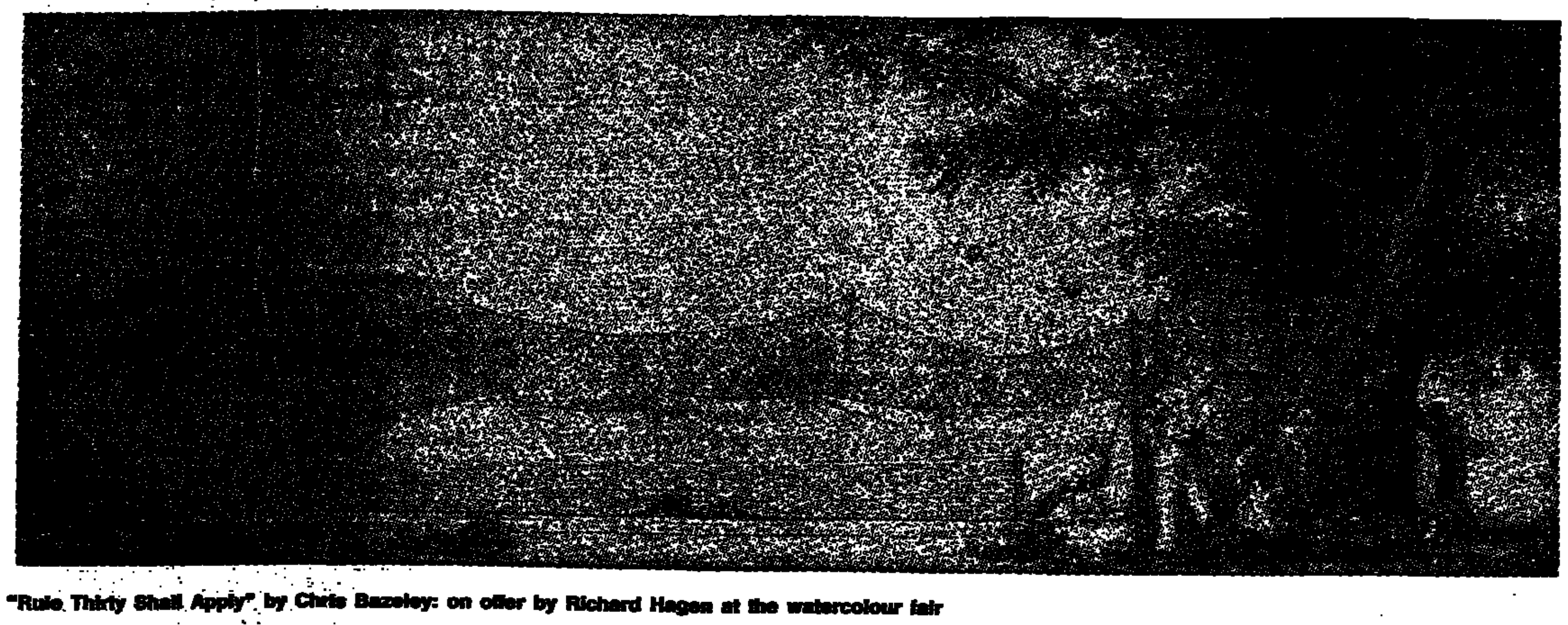


"Rule Thirty Shall Apply" by Chris Bazeley: on offer by Richard Hagen at the watercolour fair

Antony Thorncroft previews a selection of arts market sales venues

Fair pickings in the dog days

In the dog days of January, when the main salerooms are closed and the antique dealers tot up their accounts for a lacklustre 1988 and wonder whether it is all worth it, a good fair is just what the doctor ordered to raise the spirits. A rare success among the myriad of new fairs has been the World of Drawings and Watercolours, which opens its doors for the fourth year at the Park Lane Hotel on January 18 for five days.

This venture got off to a shaky start with a preponderance of sentimental late Victorian works of the much reviled "jolly hollyhock" school of watercolour — all rambling roses and picturesque peasants. The public may love them, but, Helen Allingham and a few other masters apart, the scholarly fringe of the trade considered them beneath contempt and wanted a serious examination of the genre.

Now, building on success, the Fair offers a good cross section, from Old Master drawings to modern watercolours. There are still plenty of 19th century works, and perhaps not enough 18th century and contemporary drawings and watercolours, but the (mainly British) collectors of this quintessentially British art-form love to give themselves late Christmas presents at the Fair.

About 50 dealers will be offering works, ranging in price from over £50,000 to under £100. The organisers, upping the quality controls, are trying to add an international dimension and among the welcome newcomers this year is the New York gallery of Spanierman, bravely showing the work of contemporary American artists, including some on paper.

Other American art is available at Julian Hartnoll's stand. He bought from the late Edward James's surrealist collection at auction in New York recently and is selling on watercolours by Floyd Morris and Carlyle Brown, hardly major names over here.

In complete contrast, on the same stand is a poignant coloured chalk drawing by Edward Armitage, who went out as a war artist to the Crimea but became disillusioned with the carnage. His image of the battle of Inkermann concentrated on the futility of war and depicts rotting corpses. It is priced at £8,000.

As usual the Maas Gallery will have a good display of the Pre-Raphaelites, still very popular with foreign buyers, including rare early work by John Brett, plus contemporary watercolours by John Ward and his daughter, Celia. Richard Hagen has a wide spread, from the solidly popular Newlyn school artists such as Stanhope Forbes and Langley to the suddenly wildly sought-after Scottish Colourists like Cadell: a watercolour by him is priced at £16,000. The most costly item for sale here is "The orange market at Saragossa," painted around 1900 by Arthur Melville but still as fresh as a daisy, and valued at over £50,000.

In contrast a new exhibitor, the Redfern Gallery, is concentrating on the watercolours of one of its most popular artists, Patrick Procktor. Around 30 examples of his work, including a view of David Hockney's house in California and scenes in Greece and Greenwich, will be available, priced between £1,800 and £5,000.

The Fair tries to serve two masters — scholarship and popular taste. Dealers such as Austin-Desmond, Gillian Jason, (who will be showing 18 drawings by the respected Gaudier-Brzeska, who was killed in 1915 aged 23), and two new continental exhibitors, Christina van Marle and Sabrina Förster, who specialise in Old Master drawings, are representative of refined taste.

However, while the aesthetic standard has undoubtedly risen, most of the visitors still come for the Victorian watercolours. Dealers such as Chris Beetles are opposed to "the entrenched snobbery of some exhibitors who are disdainful of the taste of the Fair's main customers." He took £75,000 last year, making him among the most successful dealers, and he will be offering next week two Helen Allinghams, one of which, Minna, depicting a little girl swamped by flowers, was the frontispiece to the book "Happy England" and is priced at £45,000, making it the most expensive Allingham on the market.

"Escape the Beast" by Eileen Cooper, for sale at Benjamin Rhodes' stand at Art '89

* * *

The success of the Fair has turned it into something of a self-perpetuating club, with a selective waiting list of new exhibitors. Four watercolour dealers, anxious to take advantage of the potential buyers attracted to the Park Lane Hotel, have decided to set up in competition, around the corner from Piccadilly, at the Alpine Club. The Kenulf Gallery of Cheltenham, John Noott of Broadway, and Thompsons Gallery of Aldeburgh have joined with the dealer in the Scottish Colourists, Duncan Miller, to show a wide range of 19th century and 20th century watercolours.

* * *

It is a cliché that there are now too many antique fairs, and that some recent arrivals have done dismal business. But, as the World of Watercolours and Drawings proves, there is always a gap for the well-run specialist operation.

Art '89 hopes to be just that. It is a new fair offering contemporary art by young artists: not exactly a fresh idea, nor one that has been crowned with success in the past, but at least a noble concept. There must be thousands of people who would like to buy one decent painting or sculpture by a new talent which could decorate their home, show off their good taste, and, ideally, quietly appreciate while it pleases. There are almost as many galleries prepared to sell the tyro collector such art. But a fair is the ideal spot at which to assemble the maximum of choice for the public en masse.

The established event in this market, the Fourth International Contemporary Art Fair, takes place at Olympia from March 30 for four days. But its international scope, and some of its prices, are too much for the timid buyer. Art '89, at the Business Design Centre in Islington, hopes to offer work by the important artists of the next decade. They will currently be on the books of adventurous dealers who hope to keep their loyalty when the big boys of Cork Street do their trawl and tempt them away with exalted offers once the critics have given them a reputation. So this is an opportunity to buy at ground floor (but not bargain basement) prices.

"Idle moments," Sir George Clausen, at Waterhouse & Dodd's stand, Park Lane Hotel, £9,500

Typical of the work on offer is that by Eileen Cooper on the Benjamin Rhodes stand. She is included in the current "New British painting" tour of North America, and her prices range up to £3,200. There is a big Scottish element at the Fair, with three Glasgow dealers and from Edinburgh the Scottish Gallery, which is showing work by Barbara Rae and Bill Crozier, among others.

The sculptress Nicola Godden is best, if anonymously, known for her bronze of a waving man which is atop London's SpeyHawk building and gives commuters stuck on the Hammersmith flyover something to mull over: her work is on show at the Tom Caldwell stand. In all, around 60 galleries have taken space, including such respected names as Flowers East, the Thumb, and Nicholas Treadwell.

An added attraction is a loan exhibition of contemporary Scottish art, which has been built up by Robert Fleming, the investment bank. One aim of the Fair is to coax in potential corporate buyers and the Fleming collection shows what can be achieved. It is extraordinary how few businesses, especially office-based operations in the City, appreciate the potential, both in investment, sponsorship, and community terms, in supporting contemporary artists, and prefer instead to go for safe but uninspiring sporting and topographical prints.

In addition, the critic Mary Rose Beaumont has selected paintings by seven young students, or new graduates, of our leading art colleges (with a bias towards the Royal College of Art). Anyone smitten by the idea of owning an early example by the next "Hockney" can have their taste matched by the opinions of an insider.

* * *

Another fair which has established itself over five years is the Decorative Antiques and Textiles Fair. Indeed, its roots are so thick that it now surfaces twice a year, with the next being held at the Hotel Russell in Bloomsbury from January 24 for four days. In the past the spring fair has been in March, but circumstances have forced it backward.

If the watercolours fair is a compromise between the scholars and the populists, a decorative fair can expect a patronising attitude from all the leading dealers. It began as a market place for interior decorators, a breed particularly dominant in the US, where there are more rich people seeking guidance on their artistic taste than anywhere else in the world.

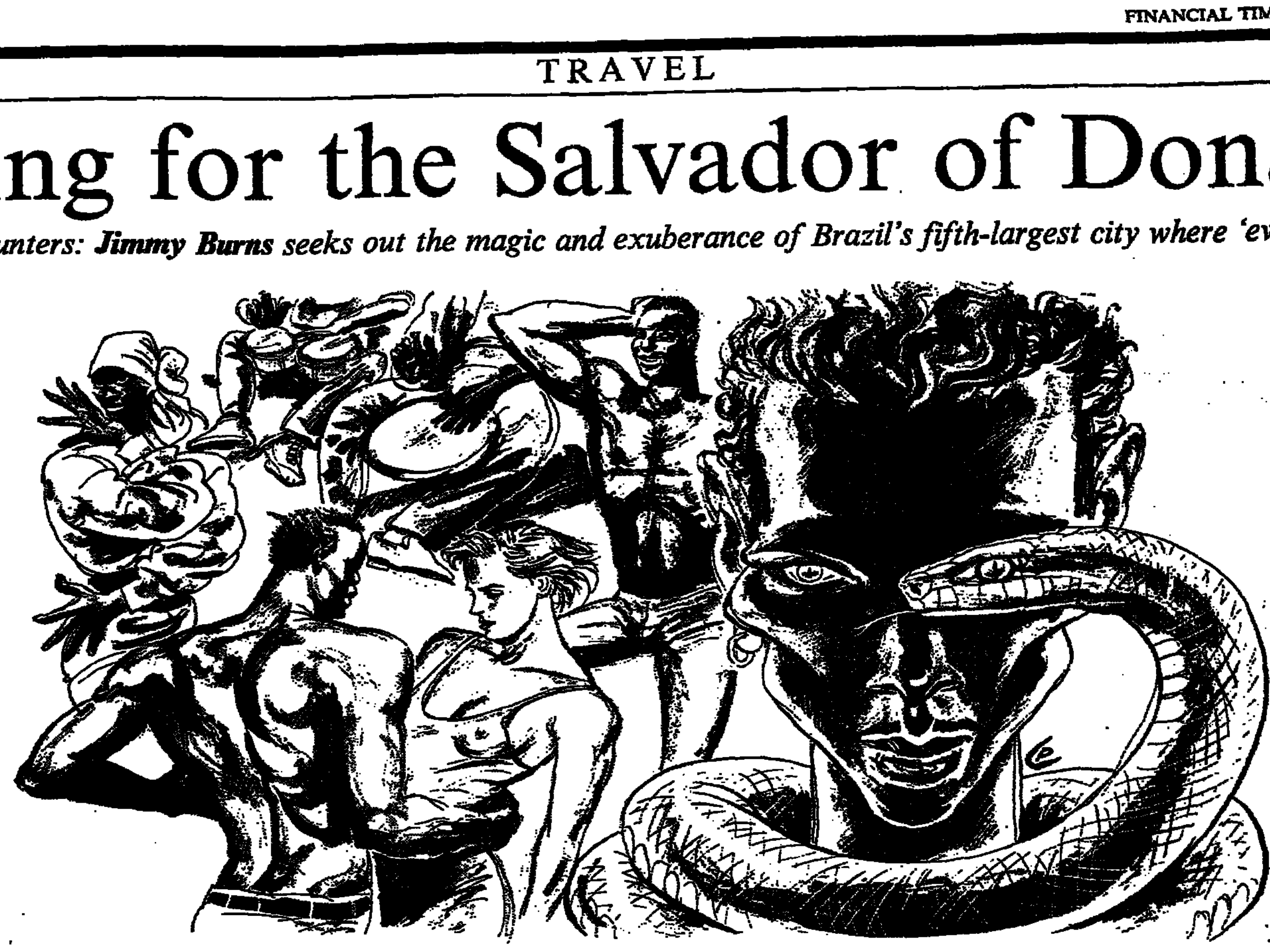
The decorators were keen to cross the Atlantic for a Fair which, from the start, encouraged dealers to show off their wares in picturesque settings, with almost as much effort going into the look of the stands as into guaranteeing the authenticity of the antiques up for sale. The disappearance of the Americans last year could have caused problems but continentals, and the newly-enriched British private buyers, have made good most of the buying slack.

At this Fair the furniture is as likely to be prettily painted as genuine 18th century and there will be an abundance of mirrors, Paisley shawls, papier mâché, garden ornaments, lacquer ware, naive art, and oak, rather than Old Masters, Meissen and Ming. But the stands will dazzle and anyone entranced by curios is sure of good hunting.

TRAVEL

Looking for the Salvador of Dona Flor

*South American encounters: **Jimmy Burns** seeks out the magic and exuberance of Brazil's fifth-largest city where 'every day is a feast day'*



SALVADOR (the capital of Bahia and the fifth-largest city of Brazil) was a town I had read about. I was anxious to discover if the reality matched up. "Salvador's population is about 1,050,000. It was founded in 1549 and was till 1763 the capital of Brazil. Most of the 135 churches, the fortifications, and some other buildings date from the 17th and 18th centuries." That much I had read about in my guidebook.

The Salvador I wanted to put to the test was the Salvador in which Dona Flor had been haunted by the erotic spirits of her late first husband, Vaidinho, and "where these and other acts of magic occur without startling anybody." Dona Flor's creator, Jorge Amado, had described Salvador as a town where "sex ran rife." Gilberto Freyre, the sociologist, had written about the "infectious cheerfulness of the Bahians ... their grace, their spontaneity, their courtesy, their heart and contagious laughter. In Bahia one has the impression that every day is a feast day."

We followed Dona Flor's footsteps out of the church of Sao Francisco and into the square of Terreiro de Jesus. The urchins, the offspring of the whores of that district, were there much as Amado had described them. They were "scattered about the overflowing square, running between the legs of itinerant photographers, trying to swipe an orange, a lime, a tangerine, a hot plum, a *sapoti* from the vendors' baskets." They were beating out the syncopated rhythms of the samba on empty guava paste tins, making lewd remarks about my wife's "fine bum." (The Brazilian word for a woman's bottom is *bunda*. The word evokes something wholesome, and to many Brazilians it is more important than any other part of the anatomy).

There was a man holding a bucket with a snake round his neck. He was a street magician trying to get two urchins to help him make huge pieces of "magic bread" disappear. The bread was shrivelled and mouldy, but the magician was applauded by a small crowd every time he stuffed the stale flour down the boys' throats. In the bread went, roll after roll, like handkerchiefs into a hat. For about two minutes, the boys swallowed every piece whole without uttering a sound. Then suddenly one of them began to choke. He coughed and spluttered and his eyes opened up like huge planets, and all the time the magician with his snake around his neck tried to force more bread down. The snake perked its head up and squirted a jet of green liquid all over his master's arm, and, in that very instant, the boy was sick into the bucket. Everyone applauded.

In another corner of the square, by a convent, there was a group of half-naked blacks, frantically beating some drums with their hands. Their bodies were covered in sweat and their eyes reflected the frenzy of their beating, which was getting louder and louder as if working up to an explosive climax. In front of them another, larger crowd had gathered. They were all blacks except for a few young tourists.

One blond and tall German seemed unable to maintain his balance in the surging crowd of dancing people. As he was pushed forward, a black woman leaned back and began rubbing herself against him. He tried to put his arms around her but, as he did so, he was suddenly jolted violently from the side. It was all a distraction which allowed a third protagonist to slice the money belt around the boy's waist before merging back into the crowd. On the steps of the convent, a Swedish girl in short pants and sandals was dancing with two black youths. One of them was licking her back like an ice-cream; another was whispering in her ear.

Suddenly, Salvador struck me as rather nasty, like Brixton or Notting Hill at carnival time. The Salvador Amado and Freyre had written about was a tropical jungle of scented flowers and blazing colours; Amado's characters were humorous, sensuous beings, their love play echoing a world that was both warm and exuberant. But the Salvador I now experienced seemed little more than the consequence of 300 years of inequality and racial abuse.

Freyre has written about the explosions of racial hatred and cultural earthquakes that have periodically shattered Brazil's veneer of co-existence and compassion: cultural earthquakes "on the part of oppressed cultures bursting forth in order not to die of suffocation and breaking through the encrustations of the dominant culture that they might be able to breathe."

Such was the case with the negro movement of Bahia in 1835 in which the sons and grandsons of former slaves erupted into an orgy of messianic violence. There hadn't been anything on such a scale since. But it was no coincidence that Salvador now had one of the highest crime rates in Brazil. Salvador's carnival, unlike Rio's, belonged to its people and was regarded as much too dangerous for outsiders. The only visible reminder of the last carnival when I arrived in Salvador was a boldly painted graffito across the walls of the convent where the Swedish girl reclined. "Black Power," it proclaimed.

There were many tourists in Salvador when we were there. They were mostly Argentines. Few of them tempted fate by crossing Terreiro de Jesus. Instead, they sat in one of the numerous tower-block hotels along the road to the airport, or else in the Convento do Carmo, a former Carmelite convent which had been converted into a luxury hotel in the old quarter of town.

In 1620, Portuguese and Spanish troops were billeted in the Convento do Carmo before battling with the Dutch in a war between empires. Now the cells had been converted into bedrooms with TV, and the cloisters into a swimming pool and adjoining restaurant. We looked for the voluptuous mulattas whom Vaidinho, Dona Flor's rakish husband, had spent the last hours of his life bedding and gambling with; we investigated the private alleyways that I had heard led to the spellworkers and voodoo centres of *macumba*, the smell of chicken's blood and incense, and the altar of Oxossi, one of the pagan gods worshipped by the Africans.

But, that year, the whores of Salvador's red-light district were withered, pathetic creatures – old women with running make-up and torn skirts and their daughters, mostly drug addicts, the precursors of Brazil's Aids' epidemic. The only mulattas we saw were in a folklore show the local tourist board put up on alternate nights in a restaurant close to the convent. They danced a samba while their men did a "war dance."

The evening included a buffet of 50 Bahian dishes, a "sample of the typical food eaten by Bahians," announced the menu. We sat in a restaurant – self-billed as the most important centre of Afro-Brazilian cooking in Brazil – chewing and burping our way through dishes I had seen no whore or urchin eating. One of the finest offerings was the *acaraje*. "It is made of beans *(feijao-fradinho)* grated on the stone, with a dressing of onions and salt. It is heated in a clay frying pan into which is poured a little *dende* oil." There was a dish cooked in palm oil and manioc, a chicken tossed in peanut butter, turtle soup, rice pudding, tapioca, fried bananas ... the banquet seemed endless. Dona Flor had taken to such cooking to get her mind off Vaidinho once her late husband began to haunt her. I felt Bahia was being packaged. So when the porter at the hotel came up one evening and asked me if I'd like to go and see some *macumba*, I told him we were booking out next morning.

I have no doubt that, as we stuffed ourselves at the banquet, all the *orixas* or high priestesses of the occult had assembled to bury the spirit of Vaidinho that lurks in each one of us: Lightning and thunder, whirlwind, steel against steel, and black blood ... Oxumare in the form of a huge snake, the goddess of the Sea, Iemanja dressed all in blue, with her long hair of foam and crabs, and all the deities of Angola and the Congo.

I was sure that devils and all those born on the wrong side of the bed covers were at that moment floating out to sea, just as Amado had written, along with their houses and mansions, and that in the Terreiro de Jesus "fish were sprouting among the flowers and stars were ripening in the trees." But as surely as it all existed, it was also out of sight, behind the scenes, held in reserve. It was pouring with rain as we left the folk show. A man in a raincoat with a loud Texas drawl went up to one of the mulattas and said: "Why, babe, you sure are beautiful."

We caught a ferry to Itaparica, a small tropical island off the coast of Bahia. The guidebook said that Itaparica was the first stretch of land spotted by the Portuguese when they set out to discover Brazil. In Spain, I had spent much of my life near Palos from where Columbus set off on his voyage to America, so I wanted to end this voyage here in Itaparica where the old world had linked up with the new.

Like Luis Correa – the washed-up sailor and primogenitor of the Brazilian race – I settled with my wife into a tree hut surrounded by palm trees and ocean. Our only neighbours were three parrots and a monkey who spent most of the day trying to imitate each other. Across the bay, we watched three fishermen punting silently from long dug-out canoes. There was also a group of young boys wading through the shallow water with giant octopi dangling from the tips of primitive harpoons. The boys had long hair and were naked. They looked like hunters returning from a hard-fought battle. Then I got a message from London that the strike at my newspaper was over and we flew back to Buenos Aires.

■ This is an extract from *Beyond the Silver River*, by FT staff writer Jimmy Burns, which is about a series of journeys and encounters in South America. It was published by Bloomsbury this week, price £13.95.

TRAVEL

Ski-ing

Only the snow is missing

***Arnold Wilson** reports on the embarrassment in the Alps*

THE MONSTROUS Eiger ("Ogre") fills my bedroom window. The sky is deep blue and cloudless. I have just breakfasted on wonderfully soggy Swiss muesli. It is all breathtaking stuff, except for one thing: once again, there is embarrassment in the mountains. Not of riches but of poverty of snow.

In spite of a few falls recently, everywhere is struggling — some places more than others. This is becoming a predictable lament. The Swiss are particularly embarrassed because they like so much to be in control. They can make their trains run precisely on time, but they cannot guarantee snow. In Grindelwald and Wengen, they haven't even got snow-making equipment. "We so rarely need it," says Grindelwald's director of tourism, Joe Luggen.

But Grindelwald, for all its patches of grass, mud and rocks on the lower slopes, is better off than many Swiss resorts, especially those in the south such as Zermatt and Saas Fee. A month ago, the first snow of the winter looked so promising, and there was excellent powder in the Jungfrau region. Once again, though, the early promise seems to have wilted.

Still, our host, the Swiss Travel Service, cannot be blamed for the lack of snow. Indeed, from the revolving restaurant on top of the Schilthorn, which commands perhaps the most stunning view in the Alps, you would never guess that nature had been meagre with her snow again. "Nobody has really good snow," says Luggen.

Perhaps there is something in this theory about a hole punctured in the ozone layer. It does seem a little disturbing — not to mention frustrating — for skiers that the weather is so unpredictable for the fifth season in succession. It is far too warm, especially for January which is, traditionally, the coldest month for ski-ing.

Yesterday morning, I put on my usual January gear: a thick shirt, ribbed sweater and thermal ski suit. I sweltered. Some people here are skiing in shirt-sleeves. Yesterday, we saw ice avalanches plunging off both the Jungfrau and Wetterhorn glaciers, with a great roar.

Lack of snow, however, is not the only cause of gloom in the region. The death of Emperor Hirohito has taken a lot of the fun out of the ski-ing for hundreds of Japanese visitors. Grindelwald has more of them than anywhere else in Switzerland, and all the street signs and promotional literature are translated into Japanese. The late emperor used to climb here as a young man, and the Japanese flock to the place in summer and winter to pay tribute to him, like pilgrims.

Like the Americans, the Japanese don't have much time to waste on holidays. Often, in the summer, they remain for just 24 hours. They stay the night, leap on the first train up to the Jungfraujoch (the highest cog railway station in Europe), bash off the statutory 36 Fuji snaps from the top (Eiger, Moench, Jungfrau, Ice Palace and Aletsch glacier), and then ride off into the sinking sun.

Officially, Hirohito's death should have stopped them from indulging in anything enjoyable. But it does not seem to have done the trick. "We carry on skiing," said one Japanese lady. "Hirohito was very good emperor. But we come here to ski, so why should we stop?"

It is odd to think of hordes of Japanese flocking to an area where hundreds of British POWs were sent (Muerren) during the last war. Still, all kinds of odd things can happen here. Take the Grindelwald Tourist Office literature which goes, literally, like this:

"The first skier, an Englishman named Gerald Fox, appeared 1881 in Grindelwald. He fastened his skis already in the hotelroom and walked outside throught the corridor.. He put his long stick in the snow and glide away. In squatting vauld he glided down the slope, the wooden stick like a folding boat balancing.

"After Mr Fox, there came the english nobility, the russian grand duke, crowned personalities from all over the world, as well as artists and learned men to the hospitable Glacier Village in the Bernese Oberland. On its thousands, they pilgrim to the classical skiregion, flit over the slopes from First and Kleine Scheidegg, from Mannlichen and Schilthorn, stroll respectful or calm underneath the mammoth north wall of the Eiger."

Grindelwald is still wonderfully quaint. The First (pronounced like "fierce") area is reached by an antiquated fairground ride of a chair lift. It is the longest in Europe - in four sections — and also one of the oldest. It was built in 1947 and they are still using it. The chair, with a canvas top, ascends sideways, just like the old Sunegga lift at Zermatt replaced long since by a high-speed funicular. There are plans, however, to replace this extraordinary contraption by 1990.

Meanwhile, the novelty of using mountain railways as uphill transport after the ski lifts have closed never seems to wane. One evening this week we skied down to Wengen, caught a train back up to Kleine Scheidegg (the midway point between the main Wengen and Grindelwald ski areas) and at 5.05 set out for Grindelwald. Halfway down, among the murky trees — where we strained to see the next signpost — the sun set behind the Jungfrau, the first stars came out, and a crescent moon appeared above Muerren.

As dusk crashed, rather than descended, we could see what looked like a star smack in the middle of the Eiger's north face. It was as if the fierce mountain had its own caretaker in residence, but it turned out to be the light from the Eigerwand station where the railway cuts right through the north face. My companion's skis sent showers of sparks into the air as they hit patches of ice and rock. It was an exciting descent, which ended with our skiing through snow-covered farms in almost total darkness.

Tomorrow should be even more exciting. Some of us are throwing caution to the winds and taking part in the Inferno race from the top of the Schilthorn right down to Lauterbrunnen. Anyone can do it, even an ageing ski writer. The record is just under 16 minutes. I shall be more than content to do it in half an hour.

And I shall be thinking of my friend, Jimmy Riddell, now in his 80s, who won it exactly 60 years ago in 1929. I shall be skiing on high-tech skis, not hickory. And yet, to borrow from Sir Arnold Lunn, "the afterglow from the flame of his speed" will still be brighter than mine. No matter. Simply doing it will be prize enough.

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Reformed laws aim to make renting easier

John Brennan explains the changes that start tomorrow

TOMORROW marks the end of half a century's struggle to define a "fair rent" without any reference to supply and demand for rental properties. It could also see the return of the "room to let" cards in newsagents' windows – for the first time since the immediate post-war years – as individual home-owners start to lose their fear that the small print of the Rent Act will give a temporary paying guest permanent and expensive rights to the granny flat.

Sunday, January 15, is the day on which the initial provisions of the Housing Act, 1988, come into force. From tomorrow, virtually all new lettings in the private rented sector will become new-form assured tenancies, or assured short-hold tenancies.

Assured tenancies allow for a market rent to be agreed between landlord and tenant, and for the agreement to include regular rent reviews. Tenants retain security of tenure but there are a number of new grounds on which a landlord can reposess a property, including its redevelopment or when vacant possession is crucial to a sale.

That provision ends one of the major reasons mortgage-lenders have shied away from providing loans for properties rented either fully or partly – the heavy discount on a property's vacant possession value because it is occupied by a fair (and low) rent-paying tenant – or tenants – with absolute security of tenure.

Existing fair-rent tenancies, where values are judged on a formula that takes no account of the rarity value of rental accommodation, are largely unaffected by tomorrow's change in the law. But existing assured tenancies, which have been created since the 1980 Housing Act, will convert to the new-form assured tenancies automatically.

Assured short-hold tenancies (or short assured tenancies, as they are called in Scotland) also allow for rent agreements at a full market rent. But, as the names suggest, these variations on the theme of the old short-holds allow a landlord to repossess a property in six months rather than the present short-hold minimum of a year.

Six months is the minimum term for such an agreement and, so long as the short-hold nature of the agreement is understood at the beginning of the fixed period of tenancy, and a landlord gives two months' clear notice to quit, there should be no problems about regaining possession.

The new laws bring no comfort to those in need of low-cost accommodation, since market rents in most part of the country are likely to be at least as high as the repayment costs of a normal mortgage, even at today's high interest rates.

But the theory is that the new tenancies should make owners less reluctant to restrict private rentals to corporate, holiday, and informal lettings outside the reach of the occupier security of the Rent Acts.

Tomorrow's new rules do break with a 74-year-old legislative tradition. Existing rent restriction and security of tenure rules can be traced back to 1915 when the government of the day passed the first rent-freeze legislation aimed at curbing wartime profiteering.

Older properties remained within the net of those controls into the 1920s but new rentals were free to be agreed at an open market rate in the mid-war years.

It was not until the 1940s that national residential rent controls were reintroduced under the Emergency Powers regulations in the Second World War. Few expected those controls to survive the peace, but survive they have.

Quite apart from the social stigma that began to be attached to private individuals profiting from owning other people's homes, the impact of controls on the commercial rationale of residential renting is clear from the evidence showing that, between 1938 and 1961, average earnings increased four-fold and residential resale values tripled, but that average private sector residential rents only doubled.

The impact of controls since then is evident in the virtual collapse of the private rented sector in Britain. Private rentals fell from 90 to 32 per cent of the country's total housing stock between 1910 and 1960, and they have continued to decline in absolute numbers, and as a percentage of the national housing stock, every year since.

The last figures, in 1988, suggest that there are 1.4 million private rented homes left - rather less than 7 per cent of households – the majority of which are as old as the controls themselves and just as dilapidated.

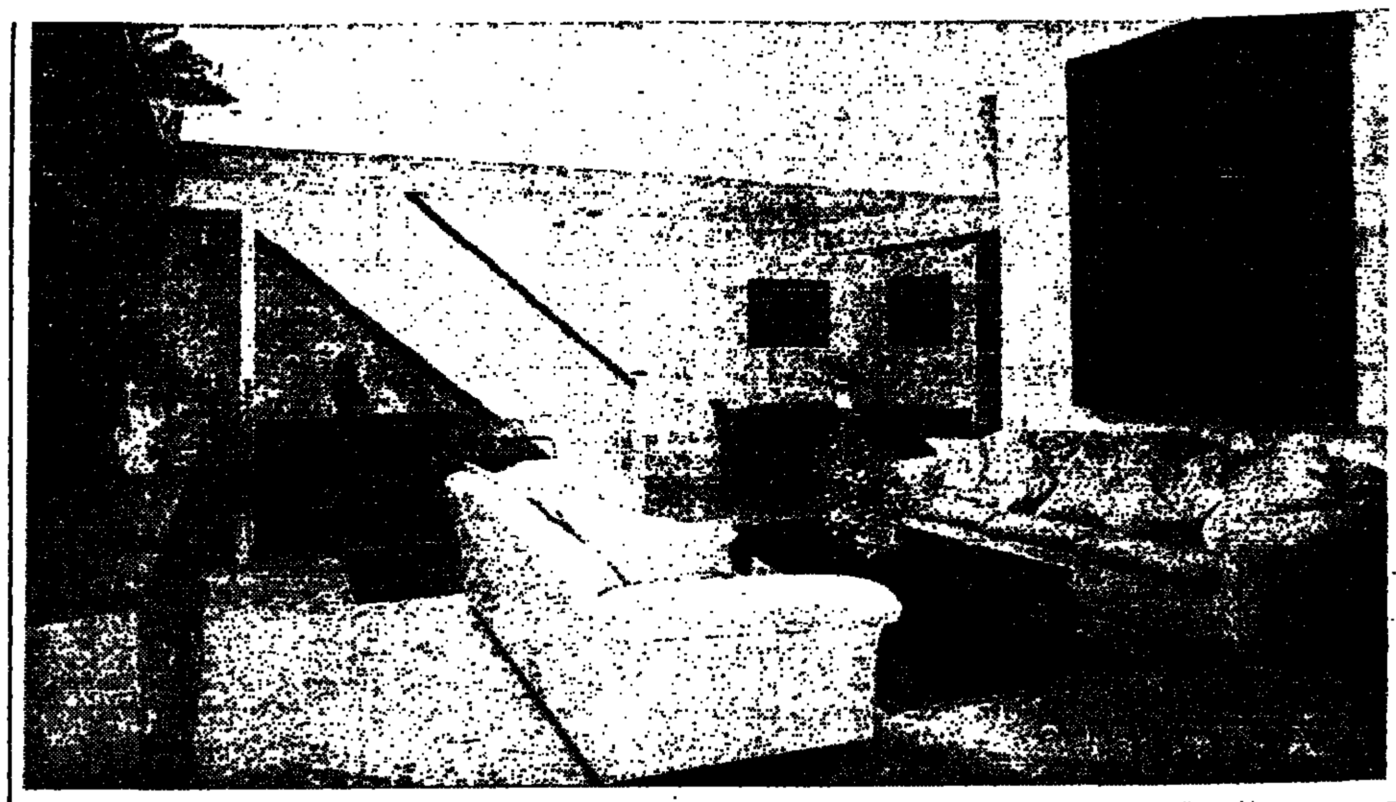
At a time when one in five mortgage holders is reading with horror about the new monthly repayment changes on new or higher mortgages taken out in the past 12 months, the combination of higher interest charges and new rental rules seems likely to encourage more owners to let empty rooms and self-contained flats in their homes.

The spare-room rentals about which Government front-benchers talked so hopefully throughout the passage of the Housing Act may emerge faster than anyone expected.

As for rental investment, an already over-supplied market can only become saturated further with properties in search of the idyllic, and increasingly elusive, price-insensitive corporate renter.

Even if the objective supply/demand arguments for additional market-price assured tenancies look doubtful, there is certain to be a significant new stock of such properties thanks to the extension of the Business Expansion Scheme to companies set up to buy or develop such accommodation.

Despite the limits on value of qualifying properties (£125,000 per lettable unit in Greater London and £85,000 elsewhere), and the minimum four-year term of BES investments, the tax breaks (with relief on qualifying investments at full marginal tax rates and no capital gains after five years) remain attractive enough to draw investors looking beyond today's quiet housing market to prospective values in the mid-1990s.

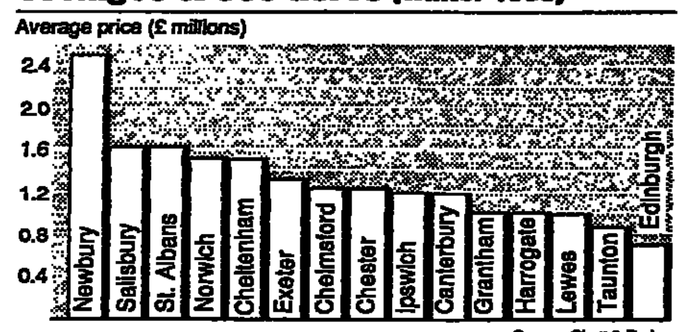


YOU WOULDN'T buy too many square inches of a J.M.W. Turner painting for £625,000, so it's a fair price for a complete Turner studio (left) in London SW3. That's the freehold asking price for 68 Glebe Place, one of the artist's studios built at his directions between King's Road and Cheyne Walk on land formerly held as part of the grounds of Chelsea Rectory. Apart from a 24ft by 20ft-high eaved studio, the house, now on the books of Chesterfield & Co (01-581-5234), includes three bedrooms, kitchen and bathroom.

J. B.

Money for old farms

Average price of 6 bed farmhouse 2 cottages & 500 acres (Winter 1988)



Source: Shutt & Parker

ONE OF the more unconsciously entertaining market commentaries at the start of an uncertain year anticipates an unchanged high demand for residential farms where the buyers "tend to regard the land element (anything from 25 to 500 acres) as a very large garden."

That's the rarified view of one specialist area of the housing market from the perspective of Strutt & Parker, the partners of which expect to see continuing strong demand for quality country properties in 1989, stability rather than a collapse in values and, on the farm front, a continuing supply of those big garden-seekers.

Confirming the buying habits of the Thatcherocracy, S & P comments: "It is, in many ways, a repeat of what happened 100 years ago when fortunes were made in the Industrial Revolution and much of the money was put into large country properties. So it is today." Hence the continuing pressure to upgrade from a country house to a period farmhouse with farm attached where buyers are "... not seeking a commercial return on that garden...They are more interested in...leisure pursuits."

As for the farmers themselves, S & P helps to explain the increase in the value of commercial farmland in 1988, despite continued falls in farm profits, in terms of the roll-over provisions on capital taxes. S & P argues that the reason for last year's land price rises, and further increases expected this year, is because "the land is being bought by farmers, not out of their profits from existing operations but because they have sold a small proportion of land for development."

The increase from 30 to 40 per cent in the capital tax rates last year has underlined the value to farmers of re-investing in land and claiming roll-over relief on development land sale gains.

Citing as an example the extra 7,500 houses zoned recently into Berkshire's Structure Plan, S & P makes the point that the development equates to around 750 acres for building sites at £500,000 an acre. The resulting £375m is shared among the farmers. As the agent says: "The money has to go somewhere."

J. B.

IN BRIEF

NUMBER 6 Gloucester Gate, the largest of the Nash terrace houses in Regent's Park, London, has been bought as a £6m Christmas present for the wife of a publicity-shy businessman. The 10,000 sq ft mansion will keep the new owners busy for another six months directing the refurbishment of the Grade I-listed home which occupies the central, six-column building in the west-facing terrace. There is room for a swimming pool in the extension running from the 1829 house to a four-garage mews and staff quarters at the rear, and sole agent Anthony Lassman (01-499-3434) reports offers on the rest of the 74-year Crown leases in the terrace at prices between £2.25m to £2.65m. That leaves just the two smallest 4,500 sq ft houses in the row, at £1.55m apiece.

JUST AS trains have never been the same since they took away the steam, so new houses without a fireplace seem somehow incomplete.

Even after decades of buildings with central heating and not a grate in sight, children's drawings cling to the image of a house with chimneys and spiralling smoke.

The housebuilders are getting the message and Barratt is re-introducing fireplaces and proper chimneys in half its 73 house styles.

The Solid Fuel Advisory Service reports that three-quarters of the country's homes have fireplaces, 6.25m of which are used for open fires with half of these burning solid fuel. That leaves around 5m deprived households where a smoking chimney, soot-filled rooms and a carpet full of ash are but fond memories, and where Father Christmas has to be content with a central heating flue.

LONDON RANKS as the fifth most-expensive place in the world to rent a flat, according to the Union Bank of Switzerland's latest survey of prices and earnings around the world.

Comparing medium-priced, furnished, four-room apartments in 52 cities, London's average monthly rental of $2,290 is dwarfed by the $3,510 you would expect to pay in Tokyo and also trails Hong Kong ($3,850), New York ($2,500) and Chicago ($2,430).

Average monthly costs of $2,625 make Asia the most expensive home from home for a Western visitor. Europe is relatively cheap with an average of $1,297 a month.

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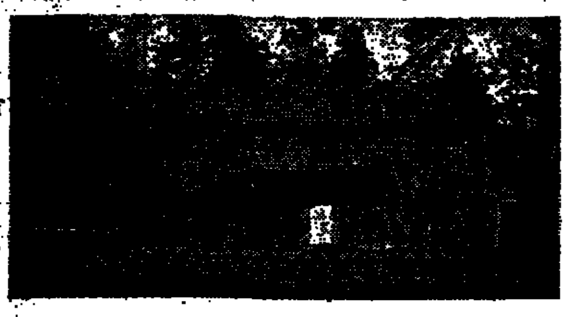

The houses are set within the landscaped grounds and enjoy a tranquil rural outlook. All the properties have four bedrooms and have been refurbished and finished to the highest standards including high quality kitchens and luxury bathrooms. Generous accommodation and country surroundings give a feeling of space which is not to be found on new developments

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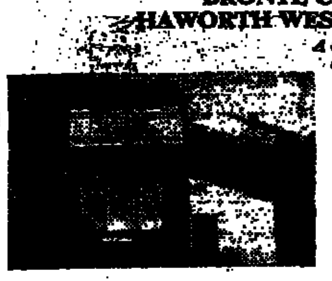

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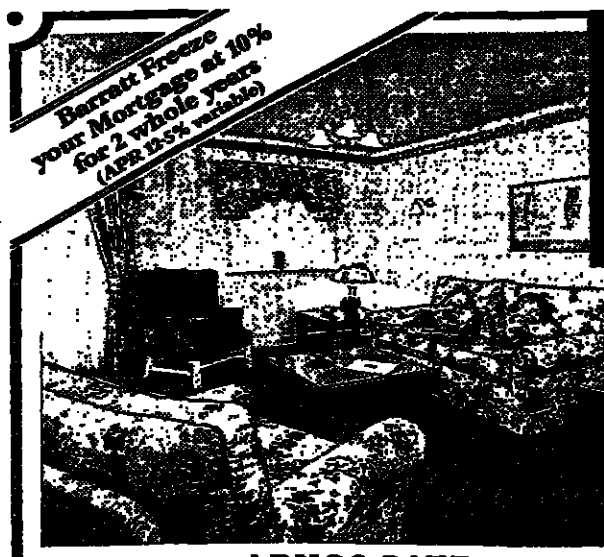

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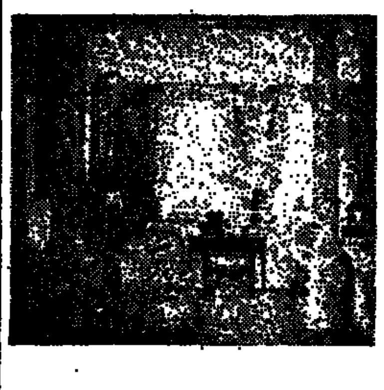

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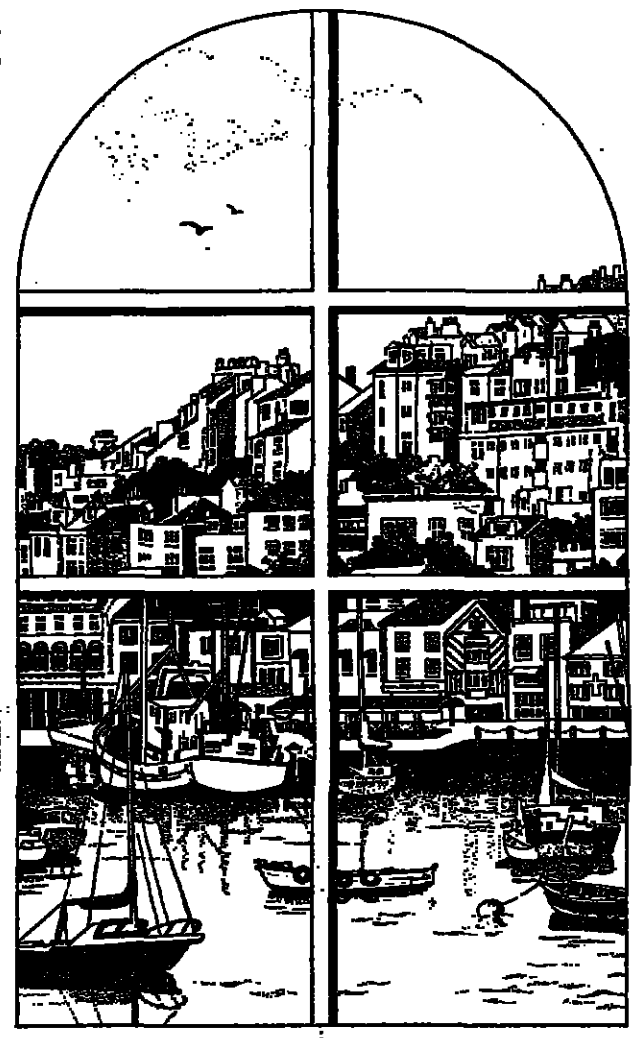

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LEGAL NOTICES

No. 006712 of 1988
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF S. & W. BERISFORD PUBLIC LIMITED COMPANY

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated the 19th December 1988 for the reduction of the share capital of the above-named Company from £69,992,819 to £69,842,819 and the Minute approved by the court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act was registered by the Registrar of Companies on 30th December 1988.

Dated 11th January 1989

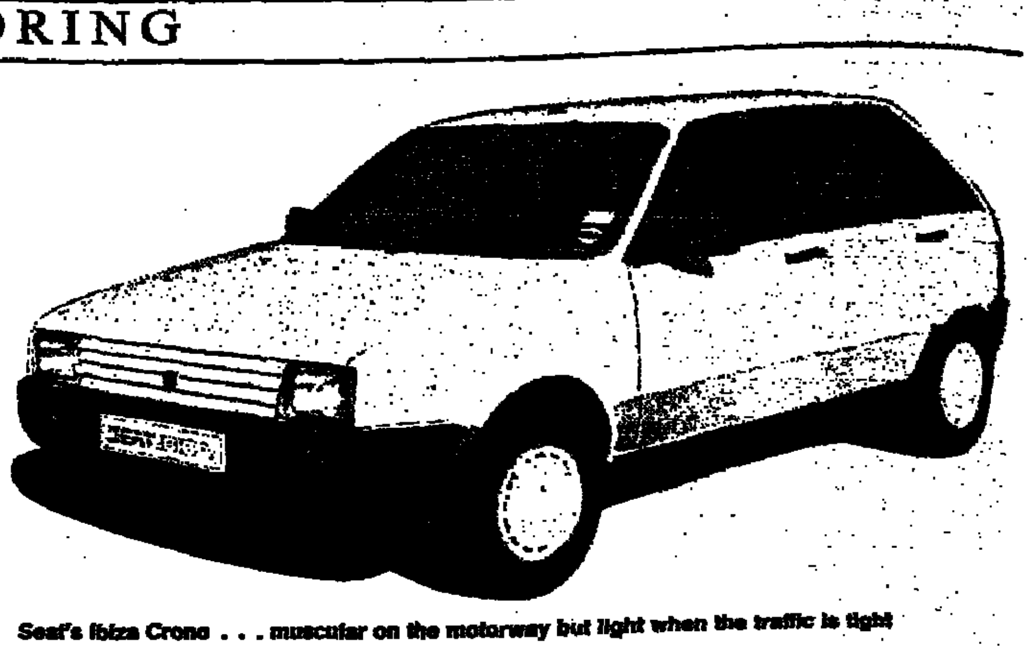
Clifford Chance,
Royex House,
Aldermanbury Square,
LONDON,
EC2V 7LD

Solicitor for the Company

MOTORING

Germans stamp their mark on Spain's Seat

*Driver **Stuart Marshall** detects a touch of the Golf*



Seat's *Ibiza* Crono . . . muscular on the motorway but *light* when the traffic is tight

THE SEAT cars I had driven before did not make much of an impression on me. Except, that is, for the cheapest ones such as the under-£4,000 Marbella (a motorised shopping trolley that could be described as a Fiat Panda with a Spanish accent) and the original basic Ibiza. Perhaps I had expected too much. Seat, after all, paid Porsche a lot of money to design a new engine for the Ibiza, its first "in house" car, which was launched in 1984. Before then, it had made modified Fiats.

Two years after the Ibiza appeared, Volkswagen took control of Seat and the German influence is now strong. So much so that the Ibiza Crono 1.2-litre five-door I drove recently reminded me just a little of the original Golf. Not so much in looks as in the way it went. I wondered if I might have been sent the 1.5-litre version by mistake. But the people at the Sussex HQ of Seat Concessionaires (UK) said, no, you do indeed have the five-door body with the 1.2 engine. They could have fooled me.

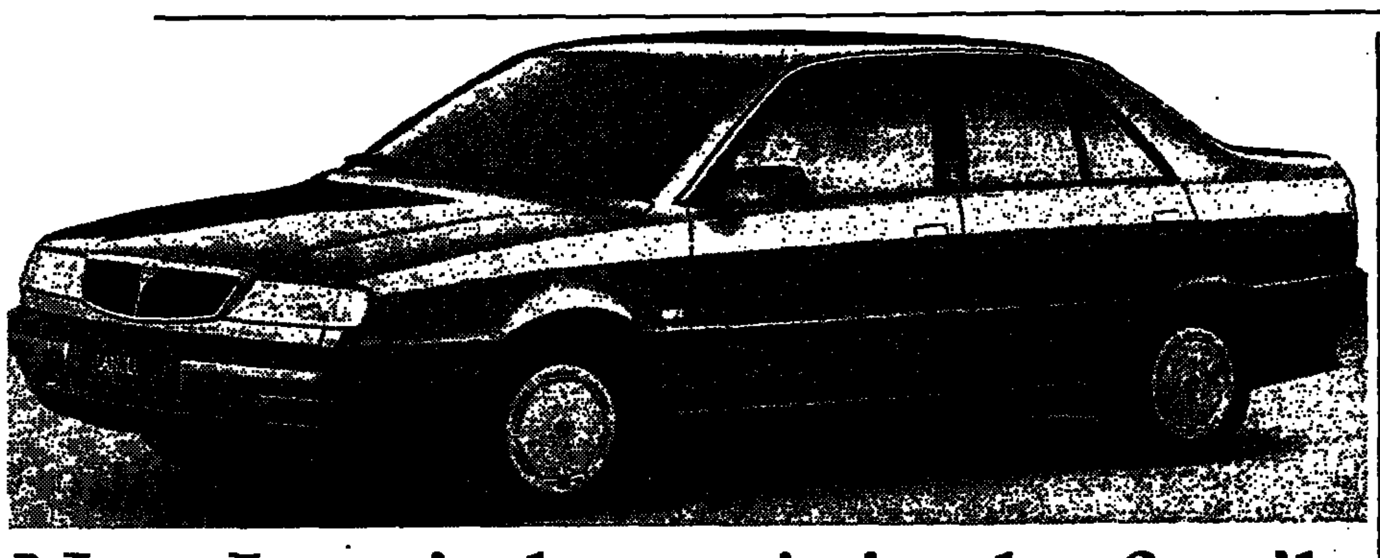
The Crono kept up with the pack on the M25 without getting breathless although, at a business driver's speeds, the rev. counter needle was nearer 5,000 rpm than 4,000. This low gearing makes it flexible in traffic. Fourth, which is good for 70 mph (113 kmh), is an ideal overtaking gear. The five-speed box has a reasonable shift and the clutch is light. The steering is, too; almost disconcertingly light on motorways, although in traffic it is so effortless you could imagine it was power-assisted.

Suspension is all-independent and the ride is on the hard side; you hear and feel the tyres dealing with potholes and coarse surfaces. The seats, Germanic in their firmness, are shaped quite well but would be better with more rearward adjustment and a longer cushion. You sit upright, which makes for more room in the back than in some cars of the Ibiza's size.

I disliked the layout of the minor controls – lights, wipers and so on – because it tries to be too clever by half. I suppose that if an Ibiza was your first car, you might find it quite reasonable; even logical. But I have never driven another car with controls like them.

Petrol consumption was around 44 mpg (6.42 litres/100km) on a journey. The lockable 10.4-gallon (47-litre) tank gives the Ibiza 1.2 a refuelling range of about 350-400 miles (563-643 kms). The official figures suggest the higher-geared three-door with a 1.5-litre engine would be slightly more economical. The Crono, like all Seat cars, runs on lead-free petrol.

At £6,249, which includes a digital radio/cassette player, powerful halogen headlamps and a rear window wash/wipe, the 1.2 Crono five-door seems quite a good buy. There are cheaper five-door hatchbacks (Citroen AX11RE, Fiat Uno 60, Hyundai Pony GL, Lada Samara 1300L, Renault 5 Campus, Rover Metro City X and Vauxhall Nova Merit). But they are not all in the same size class as the Ibiza; and if you feel the quality as well as the width, the Spanish car comes out rather well.



New Lancia keeps it in the family

FROM THE start, it was obvious that the Fiat Tipo would found a future family of new cars with Lancia and Alfa Romeo badges. The first to be announced is the Lancia Dedra four-door saloon (pictured), which goes on sale throughout mainland Europe in May but will not reach Britain with right-hand drive until early 1990.

Why Dedra? According to Lancia in Turin, the name reflects the strong and elegant geometry of the new car's form. The literal translation of Dedra from the Italian is, I am told, two squares with opposing sides. Make of that what you will.

What is beyond dispute is that the Dedra combines Fiat mechanicals (including 1.6-, 1.8- and two-litre fuel-injected, and 1.9-litre turbo-diesel, engines) with three-box styling that is happier than the two-box Tipo's, especially around the rear quarters.

It is too early to contemplate prices seriously. But bear in mind that the Dedra will replace the last of the traditional Lancia saloons, the front-wheel driven Prisma. This now sells, with a 1.6-litre engine, at between £8,375 and £9,675.

A premium of 10-15 per cent on the price of a mechanically-similar Tipo (now between £8,376 for the 1.6DGT and £9,889 for the 1.9 turbo-diesel) would seem reasonable.

The Dedra is 14 ft 3 in (4.35 metres) long and should match the Tipo for interior spaciousness. Aerodynamically, it is even better than Tipo, itself a class leader for slipperiness. It makes its debut at Geneva Show in March.

S. M.

So costly to run

I DON'T suppose many people who pay for their motoring out of taxed income keep an accurate check on what it costs them. They feel they must have a car, but fear the answer might be so daunting that they prefer not to know.

Neil Pykett, joint managing director of Interleasing (UK) Ltd., part of the Cowie group and one of the country's biggest contract hire companies, has come up with a figure. He says a typical two-litre mid-range car doing 20,000 miles (32,250 km) annually could be costing its owner £100 a week, or £5,000 a year.

That – and the fact that new-car price increases are running ahead of inflation – is the bad news. The good news is that new cars today are more reliable, fuel-efficient and potentially longer-lasting and also have better residual values.

Pykett says labour costs have shot up, particularly in the south-east, where garages may now charge £25 an hour to work on a car. Against that, servicing times have been reduced considerably and intervals between services are much longer.

Also on the up-side, there have been so many improvements to the cars themselves as to make direct comparisons with those of a few years ago difficult, even impossible. Things like sunroofs and electric windows, once costly extras, are now standard equipment. Today's small car has features confined a year or two back to vehicles that were larger, specified more highly and, thus, costlier.

Pykett sums up by saying that although we are paying more, we are getting more for our money, which is some consolation. He also makes the commercial point that it has become so hard for fleet operators to know exactly what cars are costing their companies that they would be better off with contract hire.

As someone who puts his hand in his pocket to pay for his private motoring, I know that overall costs can be kept down by sensible driving. Tyres last twice as long if you do not thump them into kerbs or go squealing round corners. Fuel is saved, and mechanical wear and tear reduced, if you drive as well as you can rather than as fast and aggressively as you think you will get away with.

S. M.

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- and -

IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 19th day of December 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £480,200,000 to £480,000,000 by cancelling 200,000 $5\frac{1}{2}$ per cent. Cumulative Preference Shares of £1 each and returning the capital paid up thereon which is in excess of the wants of the said Company –

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr Justice Nibett at the Royal Courts of Justice, Strand, London WC2 on Monday the 23rd day of January 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

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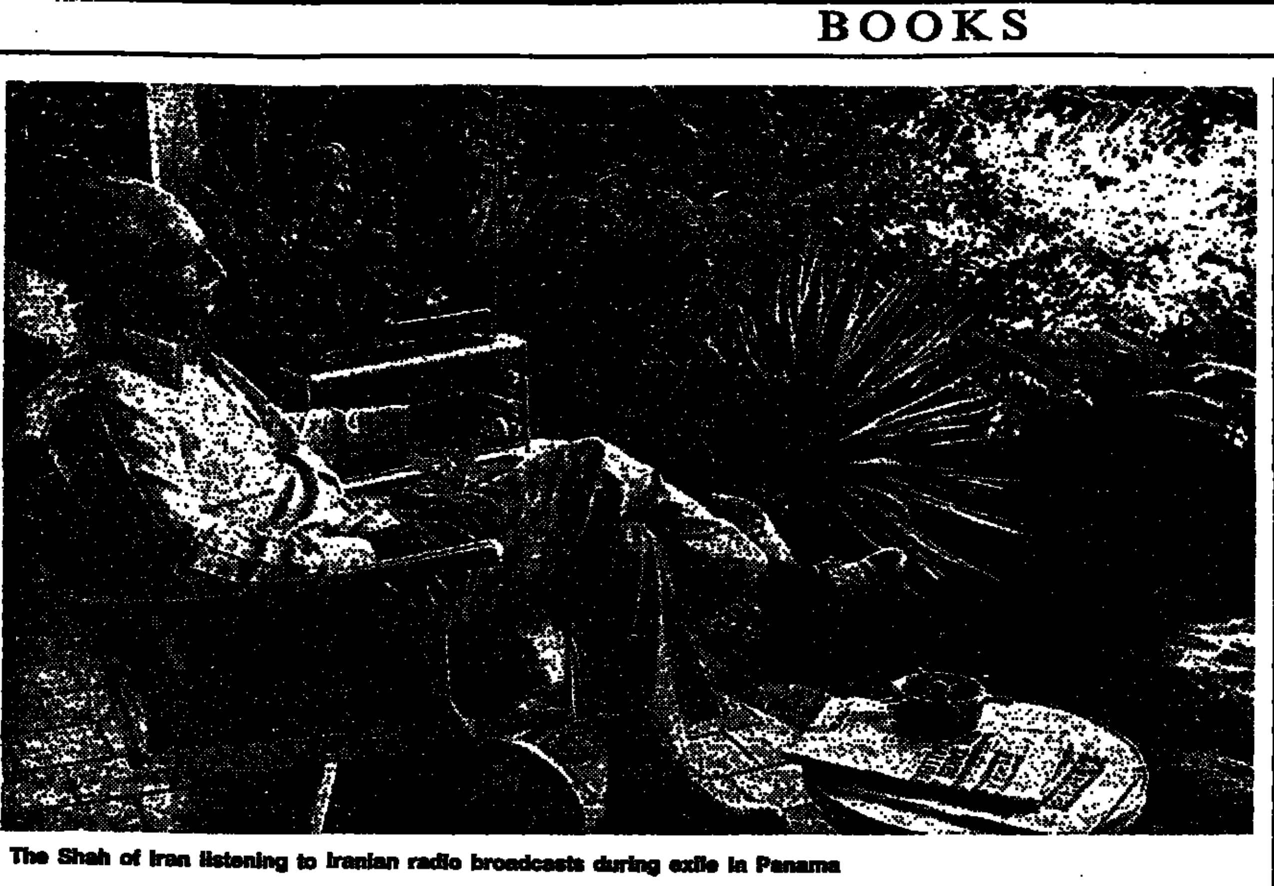
A 'friend' no-one wanted

J. D. F. Jones on the decline and fall of the Shah of Iran



The Shah of Iran listening to Iranian radio broadcasts during exile in Panama

THE SHAH of Iran fled – withdrew – from his ungovernable nation in January 1979; he survived just 18 months of miserable exile, driven from Egypt to Morocco to the Bahamas to the US to Panama and to death in Egypt. William Shawcross, in *The Shah's Last Ride*, has used this journey of a doomed (yes, and guilty) Flying Dutchman to tell the tale of this grotesque regime which featured so large in the 1970s.

William Simon, of the US Treasury, once called the Shah a "nut." When we look back after 10 years, he was surely right. Shawcross dates the beginning of the end as far back as the Persepolis dynasty party in 1971 when, he suggests, the Shah began to lose touch with reality; the petrodollars were starting to flow and with them came megalomania, an obsession with military hardware, unconstrained corruption, absurdly ambitious development plans – and the fawning attentions of an almost entirely uncritical Western world, led by the US and UK, which then turned its back on him.

The Shah was not allowed refuge in Britain, be it remembered, although Mrs Thatcher (in Opposition) had said she would be ashamed to be British if the UK did not stand by its friends; on election night in May 1979, the Shah and his empress in the Bahamas drank a toast. Then, the Foreign Office got to work and a very grand ex-ambassador to Tehran, Sir Dennis Wright, flew incognito to Paradise Island to tell his old friend to get lost.

It was partly a question of the security of Britain's Tehran diplomats, partly a matter of UK trading interests. After all, Britain had for years put the cause of her exports in the Iranian hyperboom far ahead of any adequate acknowledgement of what else was going on inside the country – the ambassador, Sir Anthony Parsons, has since been candid about it. I remember visiting Tehran once on behalf of this paper and of the BBC, which was famously in disgrace with the Shah at all times and to its eternal credit. Sir Anthony remonstrated with me that he lay awake worrying about the villages of unemployed in the north of England which would be the direct result of these inflammatory broadcasts.

It is this betrayal by the friends that turns Shawcross's story into a tragedy. All his life – and not surprisingly after the Mossadeq episode – the Shah depended on his conviction that he was supported by the Americans and the British; his belief that he was beloved of his own people was almost a secondary fantasy. In a very real way, his Western friends permitted his subsequent delusions, fantasies and excesses.

There is a certain justice in the events of subsequent years.

At this point, Shawcross turns his gaze on his old adversary (from South-East Asian days) Henry Kissinger. True, Dr K. was the loyal one; it was he who demanded that the Shah in exile be received decently. Fair enough, says Shawcross; but it was Nixon and Kissinger who in 1972 wrote the blank cheque that gave the Shah a regional super-role and all the weapons he wanted. It was, said George Ball, "like giving the keys of the world's largest liquor store to a confirmed alcoholic."

Shawcross is very good on the detail of the exile, with its cast of characters ranging from General Torrijos of Panama to David Rockefeller of Chase; he makes a tragi-comedy of the Shah's medical history (he had cancer since 1974, yet none of the world's intelligence agencies found out).

THE SHAH'S LAST RIDE: THE STORY OF THE EXILE, MISADVENTURES AND DEATH OF THE EMPEROR
by William Shawcross
Chatto & Windus £15.95, 463 pages

He is less confident on the flavour of life in the Shah's Iran, of which he has no first-hand experience. For all his reporting of the whores flown in from Paris and the avant-garde intellectuals of the Empress's circle, he misses the sheer *awfulness* of the place in its heyday – the excesses of luxury, the ostentation of corruption, the viciousness, the scruffiness of the capital, the chaos, above all the arrogance of the Iranians who believe very easily that they are superior creatures. (The Shah once said to me in an interview that the private lives of the Arab rulers of the region were so disgusting that "it would require the language of *corporals* to describe" – a remark I remember thinking odd in the light of his father's modest background and hypocritical, too, in view of what was going on at home.)

The heroine is the empress, Farah Diba. The twin sister, Princess Ashraf, is handled cautiously. Mrs Jehan Sadat plays a mezzo support. All three are clearly Sources; theirs should not be the last word. And, talking of elegant regal ladies, the reader might do worse than remember Tom Paine (on Burke on Marie-Antoinette): "He pities the plumage and forgets the dying bird . . ."

Ireland, where the tail still wags the dog

Malcolm Rutherford on an unusual study of the Emerald Isle's continuing problems

TO BEGIN with a caveat: there has not been a book like *Modern Ireland* before, and it is unlikely that there will be another for a long time to come; yet, readers should beware of believing that it will teach all they think they need to know about modern Ireland. They may well end up more confused than they started.

Another warning: the book assumes some prior knowledge, not only of Irish but also of European history. For, whatever its qualities, R. F. Foster's *Modern Ireland 1600-1972* is not a textbook and it is certainly not prescriptive.

The nearest model that comes to mind is Theodore Zeldin's writings on France in the *Oxford History of Modern Europe*, which had sub-titles such as Intellect, Taste and Anxiety. Foster is more chronological than Zeldin, but the approach is similar: you are supposed to move with ease from agriculture through architecture to the army. There is no central theme, except that it is all going on in the same country.

The result is a great deal of divertissement and the accumulation of a lot of interesting facts. For example, I did not know that the potato is "the only single cheap food that can support life as a sole diet." But then neither did the Irish at the time of the potato blight: the nutritive research into the properties of the potato came much later.

There are many stories that illustrate how little Ireland has changed over the years. For instance, Sir Richard Dawson Bates was Minister for Home Affairs in Northern Ireland in 1934. He learned "with a great deal of surprise that a Roman Catholic telephonist had been appointed to Stormont." So he refused to use the telephone for any important business.

This kind of history is a challenge to more conventional historians who assume that somebody central is trying to do something. It is also a challenge to politicians who believe that something can be done.

Yet, it is an intellectual leap into the dark to move from saying that because the continuities in Irish history have been at least as great as the changes, therefore nothing much more could have been – or can be – changed.

The continuities, as Foster points out, are legion. Very early on, he describes the tradition of Irish warfare as "fairly limited, elitist and restricted," going back to the idea of war as a sport in the great cattle raids of Gaelic story-telling. That is true of the IRA today; only the weapons are more devastating.

Religion was always a problem – at least after the English break with Rome. It is probably the most fundamental problem still. The prime resistance to Irish unification comes not from the British Government but from the Protestants in the north, who want no truck with the Catholics in the south. Foster quotes a British Treasury minute from 1938: "Are we never going to be allowed by Ulster to come to terms with the South? Is the tail always going to wag the dog?"

MODERN IRELAND 1600-1972
by R. F. Foster
Allen Lane The Penguin Press £18.95, 688 pages

Ireland, especially the south, has always been prone to foreign influences and not only because of the Church of Rome, which sometimes would have preferred a deal with England rather than being responsible for eccentric Irish Catholics. Ireland was bound to be enthused by such events as American independence and the French Revolution, if only because they encouraged anti-Englishness. The Boer War was another boon in that it fostered the belief that Britain was a colonial power.

War has been kind to Ulster in a different way. The First World War brought out the north firmly alongside the British and halted any progress that was being made to Irish unity. While southerners were busy occupying the Dublin Post Office in 1916, Ulstermen were dying on the Somme.

Ulster was even more conspicuously loyal in the Second World War. Yet, without the interruption of 1939-45, British thoughts on the future of Northern Ireland might have taken another turn. As Foster notes, the Irish Government had achieved its own *modus vivendi* with Britain by 1939 – and it was not one which expected a united Ireland.

What this boils down to is that whenever Britain has shown a determination to do something about Ireland, something else has intervened. The Irish warrior tradition, however, has never gone away for long. The IRA's accomplishment, Foster writes, is to find that "by matching its operations to its means, it could ensure its survival for long enough to achieve psychological victory out of military stalemate." Note the word "psychological." Perhaps that is all that matters, just as Ulster Unionists derive satisfaction from saying "no" to the Anglo-Irish Agreement without putting anything in its place.

Foster's book would not have been much different if it had gone on to 1988 instead of stopping at 1972, when the present round of troubles had already started. He regards intermittent violence and animosity between the different religious cultures as part of the scene: meanwhile, life goes on, sometimes quite successfully.

The sad fact is that he is possibly right. Yet, I would draw a different conclusion: Irish problems could be reduced if politicians at the top would devote more of their time to them. After all, the British Government has no great distractions, such as foreign wars, today. And the Irish Republic ought to be mature enough by now to drop some of its traditional anti-Britishness.

The man-about-town who fights injustice

THE TITLE of this nonchalant autobiography is taken from the comment of a television critic: "Whenever I see Ludovic Kennedy in a television studio, he gives me the impression that he has been good enough to drop by to see if he can lend a hand while on his way to the club."

The image of the debonair man-about-town is certainly not untrue to life, and will be familiar to the many viewers who have seen the author in his role as presenter of countless television news programmes and documentaries. By his own admission, Ludovic Kennedy is eminently clubbable. But it was not always so. As these memoirs make plain, urbanity was not something that came naturally, but was achieved only with conscious effort. Perhaps it had something to do with his Scottish upbringing. Certainly, it had much to do with a cold and tyrannical mother whose perpetual tirades left him as a child with a deep sense of inadequacy.

Liberation came slowly, first at Eton, then at Oxford where the outbreak of war found him. Soon after, he enlisted in the RNVR and was commissioned as a temporary sub-lieutenant, thus following family tradition. His father, a naval veteran of the First World War, was in command of the armed merchantman HMS *Rawalpindi* in the Second, and went down with her when she was sunk by enemy action.

The author's war service started a long love affair with the Royal Navy. He has written several books already about naval episodes of the Second World War, including the sinking of the Bismarck and the pursuit of the Tirpitz; but his recapitulation of these events, and of serving in the Arctic convoys to Russia, still makes exciting reading.

ON MY WAY TO THE CLUB: AN AUTOBIOGRAPHY
by Ludovic Kennedy
Collins £15.00, 429 pages

His second great love affair began with his first glimpse of Moira Shearer dancing in the ballet film *The Red Shoes*. It was the classic *coup de foudre*, leading – after a decorous courtship – to their marriage in February 1950 at the Chapel Royal of Hampton Court Palace, and to the abrupt translation of Ludovic from a private to a public existence as the husband of a celebrated ballerina.

It was not long, however, before he came into the public eye through his own career, first as a newscaster for Independent Television News; then on BBC as a member of the *Panorama* team under Richard Dimbleby; later with an independent group called Television Reporters International, which proved a good idea born before its time; and, finally, with a series of documentaries and filmed interviews which have continued up to the present.

But if Ludovic Kennedy has rubbed shoulders constantly with princes and potentates, presidents and prime ministers, from John F. Kennedy to Harold Macmillan, from Sam Goldwyn to Admiral Doenitz, his chief claim to fame lies in quite another sphere: in his investigations into a series of notorious miscarriages of justice.

Ludovic Kennedy: from quarter-deck to righter of wrongs

As a boy in his grandfather's library in Edinburgh, he had devoured avidly the red-bound columns of the *Notable British Trials* series. Looking back, he records that at that time: "I never doubted for a moment. . . the correctness of the verdict; that policemen could be corrupt, that witnesses could perjure themselves, that judges could be biased were thoughts that then never even remotely occurred to me."

Many years later, the trial of two young men, Craig and Bentley, for murdering a policeman made him change his mind. Craig, aged 16, fired the fatal shot but he was considered too young to hang and it was Bentley, two years older, who was sentenced to death and executed after Home Secretary David Maxwell Fyfe refused a reprieve.

Other, even worse, cases followed, of which the best remembered now is probably that of 10 Rillington Place which saw Timothy Evans hanged for the murder of his wife and baby daughter – although these and other murders proved later to be the work of a necrophilic ex-policeman, John Christie.

A confession of sorts had been forced out of the illiterate Evans but he retracted that and protested his innocence to the end. However, in spite of mounting evidence collected by Kennedy and others to support Evans' claim, a succession of Home Secretaries, both Conservative and Labour, refused to sanction a fresh inquiry.

It was 13 years before a posthumous free pardon was recommended by Roy Jenkins and granted at once by the Queen.

The Establishment looks after its own, and it is understandable that the Home Office, the judiciary and the police should all be reluctant to recognise the possibility of judicial error; but surely where such errors have been proven beyond all doubt, the victims and their families have a stronger rival claim to judicial redress.

Kennedy believes that the trouble stems in large part from the adversarial system used in British courts and notes that he found an ally recently in the Commissioner of the Metropolitan Police, Sir Peter Imbert, who told him in an interview for *The Times*: "The adversary system is a game that prevents us from discovering the truth. I think the time has come to look at our whole criminal justice system afresh."

Erik de Mauny

Bard of Muckle Toon

WHEN YOU cross the border between England and Scotland heading towards Glasgow on the A74, you find yourself in some of the richest country in the British Isles – rich, that is, in song and story as well as in natural beauty.

To the north-west of Ecclefechan, from which – on the eve of his 14th birthday – Carlyle trudged to Edinburgh University, lie Troon and Ayr, the land of Burns and Annie Laurie. East of Lockerbie lies "the Muckle Toon" of Langholm, which made Neil Armstrong a freeman in 1972 and where Christopher Murray Grieve was born on August 11, 1892.

From the first, "Kirsty" (as his parents called him) was different. His mother, a Graham, who did not marry until she was 35, called him "an eaten an' spewed lookin' wee thing wi' e'en like twa burned holes in a blanket" – a description which, when he heard it later, so affected her son that he incorporated it into his best-known book of verse: *A Drunk Man Looks at the Thistle*. That, of course, was after Kirsty had metamorphosed himself into Hugh MacDiarmid, the Scottish Nationalist poet.

When the First World War broke out, Christopher Grieve was a pacifist member of the ILP. But he was so moved – we are told – by the poetry of Rupert Brooke and the death of his close friend, John Nisbet, that he joined the forces. At the age of 24, he was sergeant-caterer to the officers' mess of the 42nd General Hospital in Salonika. "One could not be more cushily circumstanced on service," he wrote later.

He ended his war in the Château Mirabeau, near Marseilles, where he had an affair with a beautiful and talented French girl. He was at that time engaged to Peggy Skinner, whom he had met in Forfar when she was 16. Like his grandfather in Langholm, Kirsty was "aye amang the lassies."

In the years after the war his ostensible occupation was that of journalist, but he had always written poetry in English. It was the Scots language and Scottish nationalism that brought him (as Whitman said of Emerson) to the boil despite the fact that he had, up to that time, always argued fiercely against the use of the vernacular in verse.

In 1922, he tried out his hand in a Scots poem called *The Watergaw*, lauding – as Christopher Grieve – the "unique" achievement of his new persona. *Ulysses* appeared in the same year and Grieve was bowled over by Joyce's book. Four years later, he followed its example in *A Drunk Man Looks at the Thistle*, describing his 2,685-line poem as a "gallimaufry" designed to show that "braid Scots" was adaptable to all kinds of styles.

MACDIARMID: A CRITICAL BIOGRAPHY
by Alan Bold
John Murray £17.95, 482 pages

Hugh MacDiarmid, alias Christopher Murray Grieve

The protagonist compares himself with Dante, who "also" assembled the most appropriate elements from the different dialects of his country, in order to construct a synthetic language. *A Drunk Man* was a sustained literary achievement, into which Grieve was the more able to put his heart and soul because he was protected by the persona of MacDiarmid.

From that time on – despite poverty and the collapse of numerous schemes – MacDiarmid, the self-appointed voice of Scotland, never looked back. He might contradict himself but, as he constantly reminds us, so did Whitman. He could call for a Scottish fascism, embrace the Social Credit theories of Major Douglas, bathe in the murky waters of a Scottish Sinn Fein and Clann Albain – and still have the Young Communist League come out from Edinburgh to rebuild the primitive rent-free cottage in which he lived in later life with Valda Trevlyn.

That, of course, was after the break-up of his marriage to Peggy Skinner. Since she had taken up with a rich Scotsman living in Brighton, it might seem that Grieve had some justification. But Peggy, now wealthy in her own right, never forgave him, extracted children's allowances from the impoverished poet and did not allow him to see them for 20 years.

Despite the extent of Grieve's drinking, his health was not affected seriously until his 80s, perhaps because he was always one for hard exercise. Even at the age of 65, on a visit to China, he could race Lord Chorley, president of the British Alpine Club, up and down the Great Wall and beat him.

It also did not impair his capacity to produce. The books continued to appear steadily through the 1930s, becoming more self-consciously communist up until the Second World War (*First Hymn to Lenin*, *Second Hymn to Lenin*). After *Three Hymns to Lenin* in 1957, the verse waned, however. MacDiarmid's publications after that were mostly of reminiscence or polemic.

When he died in 1978, his funeral was held in Langholm despite the fact that it did not quite accept him. He was too hard a poet for boozy lovers of Burns – as he himself was at pains to point out. It took seven years before a memorial could be erected on a site near Wita Yett, just outside the town.

Alan Bold's critical biography of the ingenuous and courteous Grieve, who became the egotistical and argumentative MacDiarmid, is long, thorough, well-researched and sufficiently explanatory to be appreciated by Sassenachs as well as by wearers of the kilt. It makes for extremely interesting reading.

Geoffrey Moore

Fiction

Lust story

ALEXANDER Theroux's *An Adultery* is the story of just that, and of much more. Exploring, from beginning to horrible end, the narrator's relationship with a married woman, it is a close, detailed study of its rise and fall and an examination of every emotion between love and hatred, lust and disgust, enthrallment and disillusion. A study, too, of a woman so impossible she seems improbable, at times a case history rather than a human being.

Christian, the narrator, is a moderately successful painter; Farol, the woman, works in a framing shop. Uneducated, naive, profoundly and even obviously neurotic, she speaks in clichés with a funny accent (impossible for a non-American to gauge it exactly), attends a silly "group" for therapy, has never kept even the humblest job for long and, in objective terms, seems to have little to recommend her. Except beauty.

Thick in texture, very detailed and exact, the slowly evolving psychological study of a liar, a cheat, a self-seeking and self-serving woman, revealed gradually, is sustained brilliantly, linked with the changes in the narrator's own feelings.

AN ADULTERY
by Alexander Theroux
Hamish Hamilton £12.95, 396 pages

TWILIGHT
by Elie Wiesel translated by Marion Wiesel
Viking £11.95, 217 pages

KAIROS
by Gwyneth Jones
Unwin Hyman £12.95, 260 pages

From *Caligari* to *One Flew Over the Cuckoo's Nest* and other novels, the idea of madness and sanity intertwined has been powerful fictionally.

As winner of the Nobel peace prize, Elie Wiesel not surprisingly seeks reconciliation. In *Twilight*, his hero, Rafael, beached and alone after the war has swept away his entire loving family, has come to an American asylum for people with biblical delusions. The inmates are not Napoleon but Adam, Cain, the prophets, the Messiah. Is Rafael one of them or a researcher? Are the staff humouring him or is he, in their view, as mad as the rest?

The linked stories from Rafael's background give rise to all sorts of questions, asked deeply and sympathetically but not given definitive answers, since such answers cannot exist.

When science fiction reads like straight fiction, and seems as credible, it disconcerts anyone expecting distinct categories. The characters are so good in *Kairos*, and their situations so convincing, that it is ages before it dawns that realism is getting out of hand.

Life about 15 years ahead in London, Brighton and the ruined countryside is so dirty, dishevelled and fearsome – while human feelings are still recognisably ours – that it takes a stern moralist to face it. Everything is askew, explosive, secret, darkly revolutionary: physically and psychically, we move little by little into a world of nightmare, yet one that, socially and politically, is very exact.

Isabel Quigly

Jeypore mogul

IN *Hullabaloo In Old Jeypore*, subtitled "The Making of *The Deceivers*," the famed maverick producer Ismail Merchant (of *A Room With A View*) commemorates the growing pains of a movie that never, alas, grew into anything.

Adapting feebly a John Masters' novel, *The Deceivers* (released last year), the film stumbled ponderously through exotic Indian locations like an elephant looking for a graveyard. It is fascinating, though, to learn Merchant's tricks and tactics as a producer from his own mouth. His ability to hustle and machinate is legendary. But it would have been more fascinating still against the backdrop of a film worth hustling and machinating for.

The Disney Studio Story is a big, bland, colourful door-stopper. Detailing the roller-coaster history of Walt's 65-year-old company, it has lots of pictures and plot summaries but limited supplies of wit or criticism. No less vitiatingly, the authors apparently had a late-1987 deadline.

This means they have missed out on the record-breaking year that sent Disney through the roof in 1988 (with *Three Men And A Baby*, *Good Morning Vietnam* and *Who Framed Roger Rabbit?*) and that first showed the company triumphing in its new policy of mixing "adult" comedies with kiddy fare.

HULLABALOO IN OLD JEYPORE
by Ismail Merchant
Viking £14.95, 151 pages

THE DISNEY STUDIO STORY
by Richard Holliss and Brian Sibley
Octopus £16.95, 242 pages

100 TOP MOVIES
by John Kobal
Pavilion £6.95 (paperback), 144 pages

John Kobal's *The 100 Top Movies* is a pollster's whip-round, asking 80 critics and film-makers world-wide to name their pantheons. *Citizen Kane* is the just and predictable winner.

Nigel Andrews

When the hiring turns to firing

***Christian Tyler** looks at the plight of City people who have been tin-tacked – sacked*

IN THE rhyming slang of the City, it is called the tin-tack. For the unlucky ones, it means a black plastic bag on the office chair, an order to drop the company car keys at the front desk, and a security man at their heels until they leave the building. For the luckiest – usually the most senior – it means a secret arrangement with the boss and six months to look around for another post.

Nearly 20,000 people are thought to have lost their jobs in the City since the Black Monday crash of October 1987. The hiring frenzy of the bull market and the Big Bang has become a firing spree as financial houses face up to the post-Bang competition, a slack securities market and technological change.

The word "redundant" has many meanings. Young high-flyers are suddenly hitting the ceiling. Old City hands find their careers just petering out. Yesterday's blue-eyed boys find their faces no longer fit. Others have personality clashes with new managers, or cannot adjust to a change in corporate ethos or strategy. Whole departments are being wound up: Morgan Grenfell got rid of 450 people before Christmas, Hoare Govett sacked 135 on January 5 and Chase Manhattan another 135 the following day.

A few who are tin-tacked hit the streets running and are back behind a desk within days, but most will have to endure weeks or months of self-doubt and stress. They feel shock and disbelief at first, followed by anger and then despair, even depression. They will have sleepless nights, a fading libido and, perhaps, rows at home.

The traditional solution is to get straight onto the telephone and work the old boy net until something turns up. But as the redundancies multiply and jobs become scarcer, City firms are paying so-called "outplacement" agencies to look after employees, singly or in groups, from the moment they are dismissed. It is one more symptom of change in the character of the City job market.

Based on American ideas, these agencies fulfil the somewhat ambiguous function of advising employers on firing techniques (or "termination" as they call it), counselling the victims through the dark days and rebuilding their self-confidence for the job hunt. They charge the ex-employer about 17 per cent of the individual's former salary, but more or less guarantee to find him another job.

They provide a kind of convalescent home for damaged psyches, staffed by counsellors and equipped with offices, telephones and computer terminals to which the ex-employee can continue to commute. They force the patient to come to terms with his bereavement, rehearse his talents and examine his aims in life before letting him loose on the job market.

"People need blankets and sandpaper," said Pauline Hyde, founder of one of the bigger agencies retained by industrial and financial companies. "A counsellor should not let them be interviewed for another job until the stuffing has been put back into them." But she added: "People tend to stay too long with their organisations. They should change voluntarily about every five years, leaving on a success and capitalising on their experience."

Brian Ward, senior counsellor with Sanders & Sidney, said: "Part of our job is to help them walk across that desert. It's not the loss of income that hurts, it's the loss of a whole way of life." Ward was made redundant four years ago after 20 years with Dorland Advertising, and he cried when he was fired.

The tin-tack affects old and young in different ways – and the younger are not necessarily better at handling it. The Bissetts are a close family with six grown-up children, which helps them cope with the double blow that fell two weeks before Christmas. David Bissett, who is 54, and his son Simon, 28, both lost their jobs in the big Morgan Grenfell shake-out. By coincidence, they had joined the bank about the same time at the end of 1987, David as information technology manager on the securities side and Simon as a dealer in American depositary receipts (ADRs).

Pauline Hyde: she helps those who have been made redundant to come to terms with the situation

John Crowley: he lost his job at Chase Manhattan just before Christmas and left half an hour later

David has been round the course before. He took voluntary redundancy from the Chase Manhattan bank after a tour in Nigeria. The help he got then from an outplacement agency convinced him of the wisdom of accepting Morgan's offer of similar help this time. "It's a chance to discover whether you really want to stay in the same kind of job. You find out what sort of person you are and it stops you diving into the first job that comes along," he said.

"It doesn't sink in for about two weeks. Then you work out how long the money will last." The family moved only last July from Sussex to Lavenham in Suffolk, making £25,000 on the transaction but increasing the mortgage to £60,000 in order to build an extension. That plan has been shelved. "But money is not the big issue," explained David. "It's relationships with other people." They react in unexpected ways. Good friends can become awkward, and former enemies suddenly very helpful. "When this big relationship with your employer stops, you begin to question all others."

On some days, he wakes up bright and cheerful. On others, he is gloomy. He misses the routine of getting up in the morning, putting on suit and tie, getting out of the house and onto the commuter train. He eats more, sleeps less well and is less willing to work on the house. "There is a danger of spending more to stay happy. I bought a couple of nice table lamps for my wife yesterday to cheer her up."

His son has preferred to go it alone, hoping to find a similar job quickly. He is a stranger to redundancy, having learned his craft straight after school at Vickers da Costa and moving only because he was approached by Morgan. "The market is a very small place," he said. "My initial reaction is that I have more chance through my own contacts. I would like to feel I can sort it out myself. It's not necessarily a good attitude to have. I have confidence in my own ability; trying to convey that to someone else, having not done so before, is more tricky." He has given up his flat and is living with a brother, gets a lot of support from his girlfriend, has had one interview already and thinks he can manage for six months if necessary.

People from all kinds of backgrounds found jobs in the Big Bang. Some of them, like the street-wise market-maker from the East End with a passion for do-it-yourself, will probably not go back.

John Crowley, who lost his job at Chase Manhattan just before Christmas, was a professional tenor until he was 28, singing operatic and other choral parts in England, France and Denmark. He then took a degree at the London School of Economics, writing his thesis on oil and gas exploration. Friends in the City urged him to get into stockbroking. He started with a small broker, survived a cutback at Schroders Securities, and was lured over to Chase in May last year. His two analyst colleagues on the Chase oil team were in turn approached by Warburg Securities, but there was no room for a salesman. Shortly afterwards, the axe fell.

"I thought I was in a fairly good billet and I was pretty well known," he said this week. But he had been half-expecting the summons. When the phone call came from the head of securities, he knew it could mean only one thing – "the old tin-tack." He said goodbye to a couple of people and left the building half an hour later. "Even if you are expecting it, you feel a sense of humiliation and alienation. You feel you have been judged a failure. But I also knew I didn't want to be an equity salesman for ever. It's highly paid but, intellectually, not a very demanding job."

Surrounded by paperwork in his terrace house at Camberwell, south London, Crowley looked relaxed and sounded realistic but confident. He is still on the first wave of optimism and has several irons in the fire. He says he will go back into the City if the right job comes up. If it does not, he will look for something that combines his commercial experience with his musical talent: for example, arts sponsorship or administration.

One of the luckier casualties of change is the 48-year-old director of a merchant bank who found it altering course underneath him. This director, who insists on anonymity, has been with the same employer for 20 years, earns about £100,000, has no great wish to change direction but has no practice at job-hunting, either. "I said I wanted to move on, but I didn't know how to set about getting another job," he said. He is still meeting clients and doing deals but has been given six months, the services of a counselling agency to groom himself for another job, and the prospect of a severance cheque of over £100,000.

"You look back after 20 years and wonder whether that is worth anything to anyone. Did I do the right thing? There is no question about it. I should have done it five years ago." His wife agrees. "The key issue is, you must keep working – at least, I must. Otherwise, you go to seed and start having stupid ideas about becoming a consultant to small companies and that sort of rubbish." The moral of his story, he says, is to be as committed to yourself as to the firm. "You should always question where you are. Perhaps I was more altruistic than was good for me."

The tin-tack can be a blessing in disguise. About half the casualties handled by counsellors find other posts within four months, and well over half go on to better-paid jobs. Of those who change direction entirely, not a few end up as counsellors themselves. There is always work in the Enterprise Culture.

Forging a life from crime

AMONG the usually unrecorded pleasures of gardening are the many activities and interests to which it can introduce us that have nothing to do with plants. Thus it was that while visiting Port Lympne, near Hythe in Kent, to see how John Aspinall was getting on with the restoration of that fine house and garden, I fell in love with its beautiful ironwork.

There are delightfully delicate grilles and doors, gracefully curving balustrades and handsomely decorated screens and gates separating one part of the garden from another. There is also a massive bronze door, which seems a little too grand for the relatively simple though elegantly proportioned house that Sir Herbert Baker and Ernest Willmott designed for Sir Philip Sassoon shortly before the First World War.

When peace was restored, it was Sassoon – aided by Philip Tilden – who elaborated the building and provided it with its spectacularly terraced garden; and Tilden, although now largely forgotten, presented me with no problems since he is fairly well documented and wrote a rather rambling autobiography, *True Remembrances*, published by Country Life in 1954.

It was the beautiful wrought ironwork that set me off on a quest for information, since no-one seemed to know much about its origin. "The metalwork was carried out by the late Mr Bainbridge Reynolds," stated one old but undated guide book as though that was enough, since everyone would know who Bainbridge Reynolds was. Regrettably, no-one did and my curiosity was alerted fully.

My search for information led me to numerous authorities, including county librarians and archivists, experts at the Ironbridge Gorge Museum in Shropshire and also at the Victoria and Albert Museum and the Crafts Council. It finally led to Richard Quinell at his Rowhurst Forge on the outskirts of Leatherhead, Surrey, only a few hundred yards from Gate 9 of the M25 motorway. Although I got no nearer to discovering who Bainbridge Reynolds was, where he lived and worked, and what other properties he decorated with his beautiful ironwork, I did acquire a wholly new and encouraging outlook on the state of the art in ironwork.

Wrought iron swan gates designed by Laurence Whistler

Rowhurst Forge is particularly well equipped and staffed, and Quinell also maintains a museum in which he exhibits his own work and that of many other leading British and Continental craftsmen. He is a member of the British Artist Blacksmiths' Association (BABA), which was formed in 1978 and now has about 300 members. It appears to have been modelled on the Artist Blacksmith association of North America, which has nearly 3,000 members.

Quinell is prepared to collaborate with other blacksmiths, sometimes making their designs for them, sometimes giving them a special finish or adding some part their creators are unable to supply. An example of this that I saw was an exquisitely delicate climbing rose made by David Norris; it required a curved and springy steel support on an unobtrusive, yet secure, base around which to twine. This had been made at Leatherhead. It would be a lovely ornament for any patio or courtyard.

Quinell's own work is highly original and very varied. At the entrance to Rowhurst Forge, I was greeted by a great loop of what looked like gigantic barbed wire, his "Crown of Thorns," which symbolises powerfully the opposing forces of sacrifice and oppression. In the museum, one photograph that arrested me was a shot of delicately beautiful swan gates, also made by Quinell and just about as different as one could imagine in manner from the starkness of the "Crown of Thorns."

In the collection of ironwork on view, I particularly admired the simplicity of several wrought iron gates by Tim Fortune, who operates from his Fillybrook Forge at Buckhorn Weston, Dorset. These had style far more distinguished than that of conventional wrought iron gates and yet did not appear unduly expensive. I also saw examples of the work of many other highly gifted blacksmiths including A. Dawson, James Horrobin, Peter Parkinson, Alan Evans and Antony Robinson.

The most important lesson I learnt was that ornamental metalwork is enjoying a renaissance. It is typical of the contradictions of our times that one of the causes of this new interest is the rise in crime. Property requires ever-increasing protection, and many people are realising that there is both prestige and pleasure to be gained from providing protection that is beautiful as well as efficient. Railings need not be ugly; gates and protective grilles can assume all manner of decorative forms, some traditional, some modern.

It would appear that most of the patronage for this new era of creativity comes from academics, public authorities, banks and various commercial organisations. As yet, private buyers scarcely seem to have realised what is happening and are content to go on buying mass-produced metalwork. Exhibitions such as those at Rowhurst Forge should help to spread the good tidings.

As for Port Lympne, which set me off on my tour of self-education, it is a superb house and garden restored miraculously by Aspinall after 20 years of almost total neglect. He wanted it to extend his zoo park, which he has done very successfully, but in the process he fell under its spell – just as Sassoon had done nearly 80 years ago – and has spared neither time nor money to return it to what it was at the height of its fame.

It is open to the public from 10 am every day except Christmas and is well worth a visit at any time but, for the garden, especially from April to September.

Arthur Hellyer

After the poison, the planting

***Robin Lane Fox** expands his strategy to reclaim neglected gardens*

LAST YEAR, I set out the opening moves in a strategy to reclaim neglected gardens or plant new borders. The essence of the advice was to wait, watch and poison. It takes at least a year to kill off visible weeds, outwit their attempts to rally, and finally to knock out the late-comers that turn up to support them.

Meanwhile, all plants in their midst should have been lifted and put in a clean and separate bed under close surveillance for signs of enemy contact. Only after one year can you split up the best and think of restoring them.

In my bitter experience, anything that has been infested with ground elder or bindweed is best thrown out. I find it impossible to clean anything with a thick mat of roots, such as a Michaelmas daisy. You can never be sure that none of those wriggly, white roots are not lurking in the centre.

Thanks to your season with Tumbleweed, you can now begin to re-plant your ground. Books and catalogues encourage you to draw a master plan of irregularly rounded groups of plants. They suggest a density of five plants to a square yard and sometimes offer you their special pre-drawn package, quite often called a "Gayborder Offer." Avoid Gayborders at all costs. If you multiply out the total, at this density your border will be as expensive as a good carpet and much less permanent.

In 1961, plants used to cost me 1/7d; in 1972, they cost 20p; now, most nurseries are looking for £1.65 upwards. No sane gardener trusts the RPI and insane gardeners, like myself, have not matched the cost of their gardening with the haywire state of their "investments."

The right tactic is to order fewer of each plant and be sure that you like it. When buying blind, I set myself a rule of a maximum of one of anything, unless I know that I love it and cannot increase it easily. Last month, I bought two Jeffersonias, and not only because I had never expected to find them in East Sussex. Like all rules, this one tends to be broken, but it is regretted always.

In this mild weather, I have been lifting and splitting my best new arrivals during 1988. Twenty-five pieces came from one good centaurea, each of which would now cost £1.70, and 15 pieces from a buttercup, which seemed expensive at £2. You all read the rest of the FT closely: what else did the financiers buy for you in 1988 that has grown 20-fold in value?

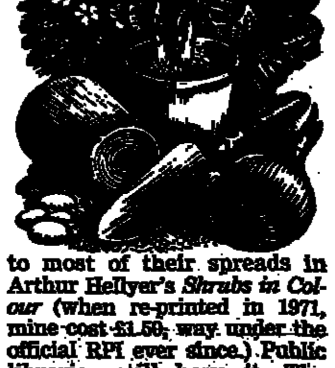
So, buy one at a time and reckon to throw out some of the experiments. Catalogues are great seducers, and so they do not always live up to their promise after the event. Some of my favourites were bought in ignorance when even the nursery had not seen the point of them.

Ideally, each single stock plant should begin with a year in a special bed, fed and tended suitably. Shrewd strategists should order their basic stock in the same year that they start weed-killing, but should keep the stock well away from the flower-bed under treatment. Starting in 1989, you can poison with one hand and propagate with the other; plant up in 1990, save a fortune and lose very little time.

The exceptions, of course, are most shrubs and hard-wooded plants, the garden's permanent backbone. Here, you can profit from two good resolutions, again often broken. Take the big decisions first: which shrubs, which climbers, which evergreen blocks of hedging or clipped greenery. Time and again, I find myself beginning with the smaller plants and adding these basic elements only when the flowery planting is well advanced.

Above all, do not over-estimate your needs. I always do and I bet that you are no better. It needs an iron nerve to space the single twig of a new magnolia at an interval which allows it to become a tree in 12 years. Errors are needlessly expensive and hard to correct.

I have often been thankful for the line drawings of shrubs' eventual outline and the guide



to most of their spreads in Arthur Hellyer's *Shrubs in Colour* (when re-printed in 1971, mine cost £1.50, way under the official RPI ever since.) Public libraries still have it. The drawings are so much more helpful than the romantic colour photographs of modern books, which do not show a simple mark of scale for fear of spoiling the image.

Why does everyone over-plant? Partly it is impatience, partly (I now think) a difference between town and country. In towns, most gardens are so small that keen gardeners cram in everything and feed it frantically. They live with the collision of as much, or as little, as survives the cats and tricycles. The shrubs are pruned very hard, climbers festoon everything, and the result is a semi-tropical tribute to the owners' ingenuity.

In the country, gardeners are less melodramatic about the whole business. They are planting in a landscape, not staging a set. However, they have sometimes battled in towns or they know people who do so; they are in a hurry (the neighbours have usually built something beastly) and so they over-plant from habit and peace of mind. It is much wiser, and cheaper, to stick to the Hellyer-approved dimensions: the catalogue of John Scott, the Royal Nurseries, Merriott, Somerset, also gives a good guide to a shrub's spread.

What, then, happens in the intervening gaps? Either you spray the ground from the shrubs' second year onwards or, better, you amuse yourself with fantastic extravagance, preferably from seed packets. Biannuals are marvellous fillers as are foxgloves, verbascums and the old yellow tree lupin. These fillings are grown easily from seed.

You need not feel guilty at pulling them out after a few years, as they were only seedlings from an 80p packet. In 1972, of course, that packet would have cost 8p, but the feeling of guilt has not increased at the same rate as the cost of seeds.

Country Notes

In pursuit of a piscine predator

A WINTER morning should have a keen, healing quality, capable of repairing swiftly the damage done the day before. The trees and hedgerows should be white with frost, the sky pale blue, the air still. Your breath should hang in clouds and there should be stamping of feet and vigorous rubbing of hands.

Sadly, the rules governing the species of weather to be expected at particular times seem to be going down the plughole. Summers are wet, winters mild, autumns are hot and springs have disappeared altogether. And this day just gone had nothing in its character to drive away the dreadful sensations of biliousness and self-disgust which afflicted me as a result of festive feasting. It was warm and grey and mediocre meteorologically.

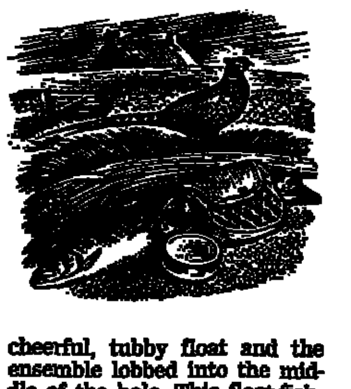
However, things could have been a lot worse. I could have been trembling at the approach of another enforced bout of feasting. So, it was something to be going fishing. And this soft, settled weather is just right for pike. It seems to stimulate their appetites, whereas sudden falls in temperature bring on torpor and contempt for the angler's artifices.

I arrived at the river bank bearing the Christmas dinner of which the pike's dreams must be made. As food for humans, I cannot say much for the rank and oily sprat. But as bait for the pike, it is incomparable – cheap, easy to procure, easy to fish with and deadly.

I met Stephen at the waterside. He was accompanied by a nephew, an engaging but impudent boy who had not fished for pike before. When I confided to him that I had left some vital piece of equipment at home, he told me I should make a list, to avoid elementary errors. What I should have done was to stake him out in the weir pool, as ground bait.

I directed Stephen to the second-best spot on this stretch of the river, a turbulent eddy at the side of the weir pool. I went a little way on to the best spot, a hole formed where a side-stream prepares to meet the main current. One afternoon, the gardener took from it five fish between 15 and 27 lb. Its green, slow-moving water is pregnant with promise.

A juicy, smelly sprat was soon suspended beneath a



cheerful, tubby float and the ensemble lobbed into the middle of the hole. This float-fishing for pike can be a gripping affair, when the fish are in the mood. It is done normally with a live bait, which is barbarous. I have found the dead bait just as effective.

Hardly had my float hit the water than it shot away and my rod bent in battle. I turned to call for Stephen's help, only to see him in a similar fix. But the nephew scurried about with the net to good effect, and both fish soon were thrashing around in a large keepnet immersed in a quiet corner.

By the time I had landed a second pike from the same hole, I became aware that my inner being was on the mend. The nausea had departed and I felt almost human. My brother – he at whose table I had gorged myself so shamefully – arrived with dark potent Calabrian wine and legs of turkey. An hour or two before, I would have dismissed the possibility of my ever again having a meaningful relationship with a turkey. Now, I fed and drank and agreed that this was the way Boxing Day should be spent.

I spent an hour or two of the early afternoon trying to lure a chub. I cast my lump of luncheon meat into the smooth water below the ash tree where, a fortnight before, I had caught three fat fellows up to 4 lb. This time, though, there was no jerk of the rod tip, no pluck at the bait. Perhaps the chub had been overdoing the Yuletide feasting, too.

There was just time, before the gloom gathered into darkness, to return to the hole and dangle another sprat therein. Again my float whizzed away, and again my reel made its protesting music.

We had 10 for the day, the best just over 8 lb. Although the big ones stayed aloof, it was almost ceaseless action of one sort or another. They fight respectably, these river pike, and, with their predatory lines and muted colouring, make a pleasing sight on the grass.

The impudent boy caught his first one and was heard to ask if it was always so easy. He was admonished sternly – but try explaining to a 10-year-old that it would stop being fun if it happened every time.

Tom Fort

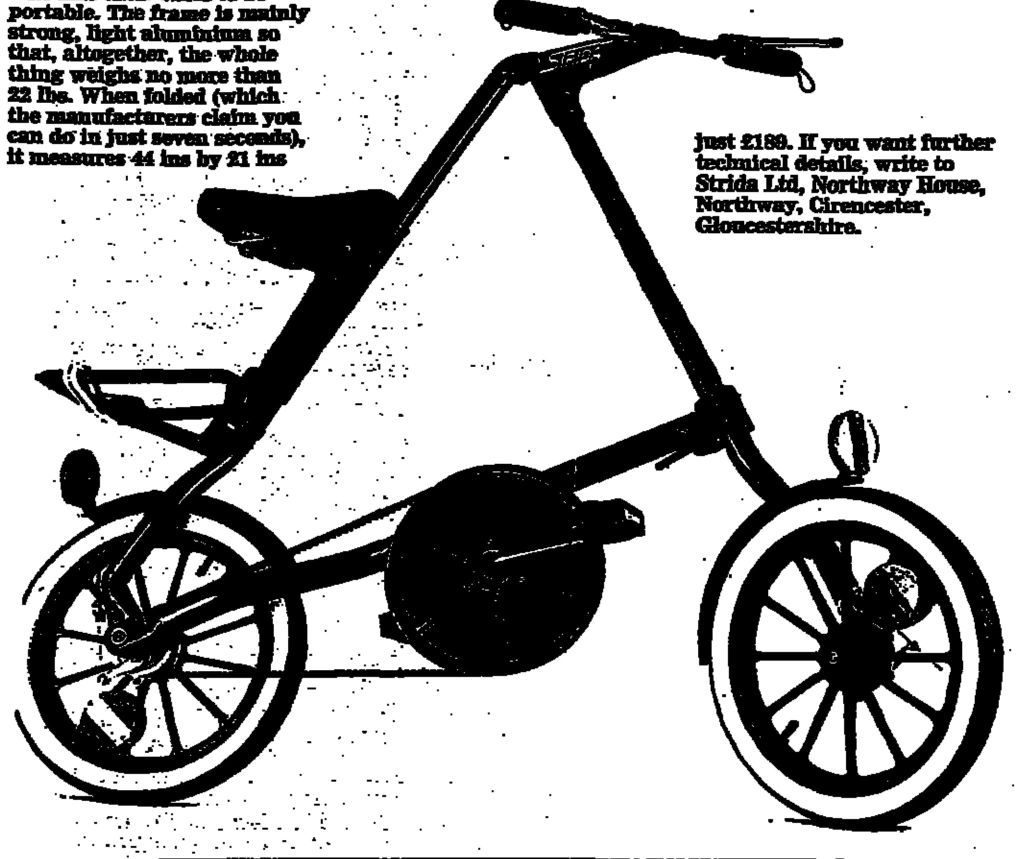
HOW TO SPEND IT

***Lucia van der Post** on everything from buying a portable bicycle to reviving the furniture*

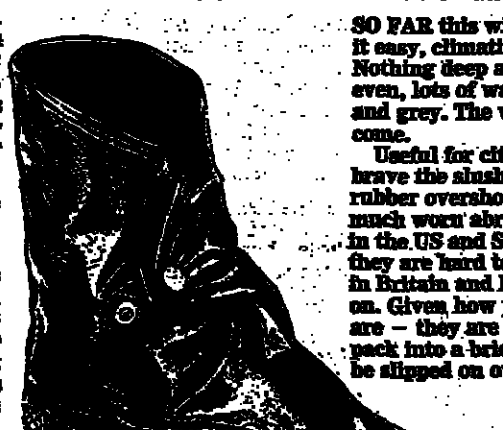
Try this walking stick on wheels

THE STRIDA, photographed here, is one of the neatest, most compact bicycles I have come across. Entirely British-made (by Strida down in Cirencester), it seems like the perfect answer for those who like their bikes to be portable. The frame is mainly strong, light aluminium so that, altogether, the whole thing weighs no more than 22 lbs. When folded (which the manufacturers claim you can do in just seven seconds), it measures 44 ins by 21 ins by 18 ins and you can push it along rather like a walking stick on wheels.

Boating people, travelling people or just everyday commuters can stow it away on board almost any boat, fit it into the boot of a very small car or carry it aboard a train. Austin Reed of 103-113, Regent Street, London W1, has a model on show and it can be ordered from there (it arrives in its own neat little box) for just £189. If you want further technical details, write to Strida Ltd, Northway House, Northway, Cirencester, Gloucestershire.



NOW THAT French polishers seem to be, if not an extinct species, then almost certainly a dying one, most of us have to tackle our own minor repairs to our furniture. If any kind of real life goes on in your home, then some of your furniture almost certainly has some stains and heat marks, cigarette burns and all the other aftermaths that eating, drinking and everyday living conspire to leave behind. Tackle them with Furniture Reviver – two of us in this office have polished away at some of our stains and marks and it really does seem to work almost miraculously well. Do not ask me how – the press release tells me that it is "an entirely new formula that actually penetrates the surface of the wood, lifts out the stain and repolishes the surface." It really seems to do what it says and costs £13.95, inclusive of packing and postage, by mail only from Anthony Green & Co, Linton House, 39-51 Highgate Road, London NW5 1TL.

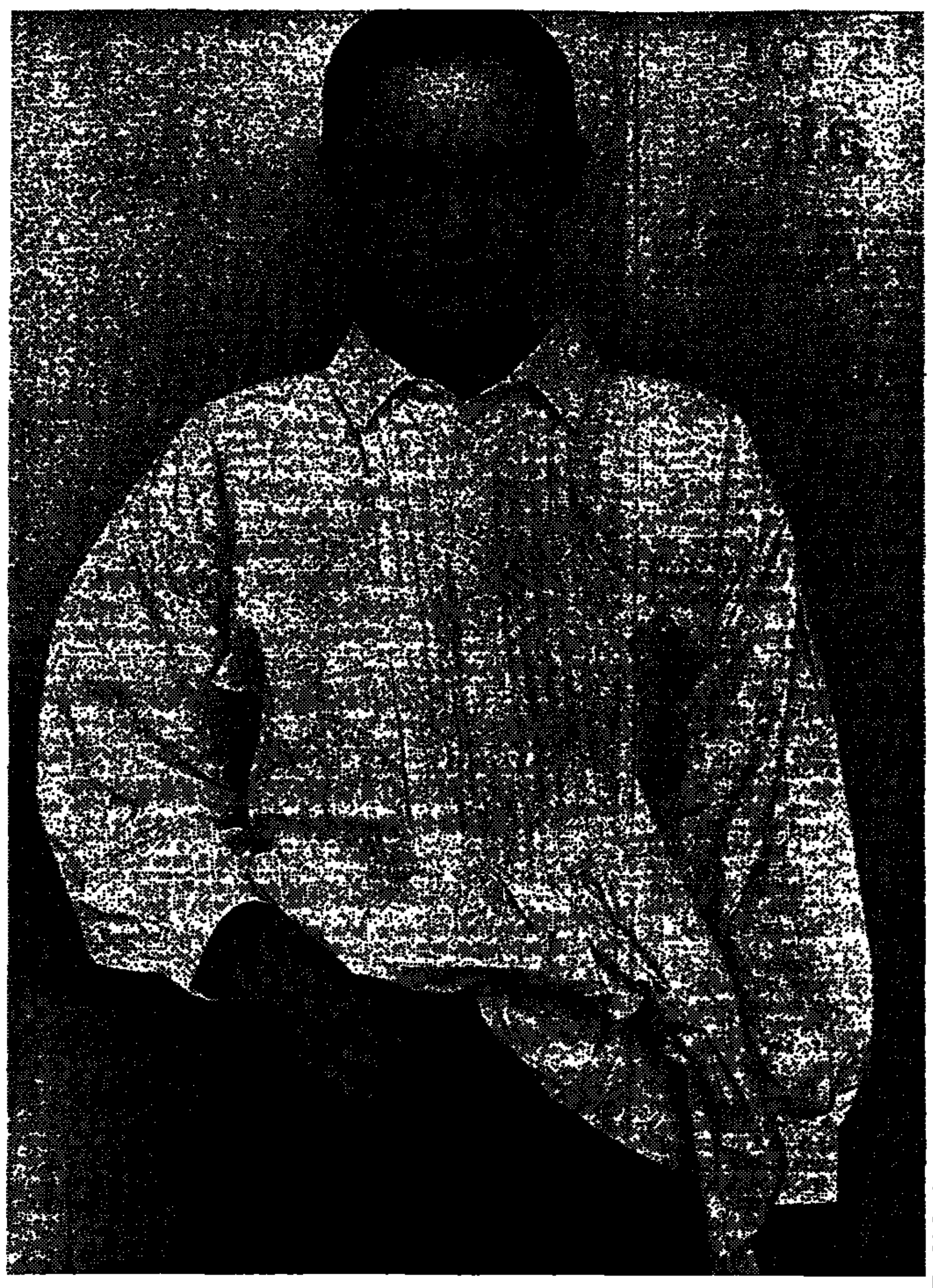


Drawings: James Ferguson

SO FAR this winter we've had it easy, climatically speaking. Nothing deep and crisp and even, lots of warm and damp and grey. The worst is yet to come.

Useful for city chaps to brave the slush and wet are rubber overshoes. Although much worn abroad, especially in the US and Scandinavia, they are hard to track down in Britain and haven't caught on. Given how practical they are – they are light, easy to pack into a briefcase and can be slipped on over a perfectly ordinary pair of city shoes – it does seem strange that they are so difficult to find.

Now, however, you can buy them easily by mail from Ashdown Overshoes, 13 West End Terrace, Winchester, Hampshire (tel. 0962-52816). Made from 100 per cent black rubber, with non-slip soles, they are available in sizes 6-12 at £8.99 a pair, inclusive of p+p. To order, send your money and quote your own shoe size. There are also versions for kids in bright red, yellow and blue in three sizes: small (7-9), medium (9-11) and large (12-1) all £4.99 inclusive of postage.



TRADITIONAL designs, whether in clothing or in artefacts, that have survived the test of centuries are often the ones that give the most long-lasting pleasure. While more fashionable numbers enjoy a brief honeymoon period and then are discarded when their delights begin to pall, it is the old-established, the tried and tested, designs that usually form the staple of most successful wardrobes.

Julia Woodham-Smith, an erstwhile management consultant, decided that a mail order company that concentrated on nothing but the best traditional clothing from all over the world would be bound to appeal to all those who, like her, love the grand old classics and warm to the hand-made and the one-off. She has, therefore, combed the world for the best indigenous traditional clothing.

She applied some tight criteria of her own before buying. Although the designs might be very old, the pieces had to have a classic look that would fit into contemporary lifestyles; thus, anything too folksy or too ethnic had to be left out. Second, everything had to be hand-made so that each and every piece would be slightly different. Finally, although everything is made by indigenous craftspeople in their own countries (and she wanted to give them fair prices for their work), she has tried hard to make sure the clothes all offer good value. Typically, a shirt would cost about £30. Given that they are usually in pure cotton and often include some hand tucking, pleating or embroidery, this is indeed excellent value.

Her company, Wealth of Nations, is very new. For the moment, its star offers are probably a Mexican wedding shirt (£30 for men or women in plain white cotton, which I prefer, but it also comes with colourful embroidery, £35) and the pleated shirt from rural Hungary (£30, photographed above) which comes in a thick, creamy cotton. Coming later are Chinese silk satin pyjamas with matching dressing gown, Hungarian skirts and waistcoats, Spanish riding hats and Guatemalan leather boots. For further details, a free catalogue and an order form, write to Wealth of Nations, 37 Tedworth Square, London SW3 4DW. (tel. 01-823-3580).

Cookery

Sunday, lovely Sunday

***Philippa Davenport** suggests some alternatives to the roast*

SUNDAY LUNCH is one of my favourite meals and the comfort of it seems particularly welcome at this low ebb of the year, haunted by post-Christmas blues. The faintly chilly elegance of dinner parties strikes me as inappropriate just now. A cosy gathering of good friends and a solid, no-nonsense Sunday lunch menu seem much more reassuring.

I love Sunday lunch, not only because of the traditional sorts of foods served but also because Sunday afternoon stretches ahead afterwards. Time for the virtuous and energetic to walk off any ill-effects that the good food and drink may have caused. Time for those not plagued by dogs needing to be exercised to indulge in the gentler post-prandial art of lazing in armchairs, reading, or snoozing under the Sunday papers.

I tend to agree with those who believe that if it is Sunday it must be a roast, and I reckon January a particularly good month for pork. It is excellent cooked in the best British fashion until noisily-golden with-crackling, and it is almost better – if you will forgive the heresy – when pot-roasted succulently minus the rind.

At the risk of incurring further wrath from those addicted to the conventional trinity of crackling roast pork, roast potatoes and apple sauce, I recommend slightly less rich and less obvious alternatives. For fruity sharpness, I suggest a sauce along the lines of a classic *sauce bigarade* but minus the sweetening effect of the port or orange liqueur and with the added citrus kick of a handful of sliced and poached kumquats.

Complement this with the earthiness of lentils, preferably tiny, slate-green ones from Le Puy. Cook them in light stock aromatised with a smidgeon of garlic and the juice and zest of an orange, and serve plenty of good bread on the side.

For a Sunday lunch party, it might be preferable to abandon the roast in favour of a dish involving preparation that is less demanding and less messy for the cook. Casseroles are the easiest choice and can be wonderfully good, but they tend to lack the special sense of occasion we associate with Sunday lunch.

A steak and kidney pudding with pigeon or game rarely fails to win applause with its rich, savoury taste and Dickensian good looks, and it is an admirably practical dish if the filling is cooked in a casserole a day ahead. This practice enables you to check the gravy for consistency and flavour before sealing it in the pastry-lined basin, and the relatively brief steaming time needed produces an agreeably light suet crust that is never stodgy.

I give another recipe suggestion below. It is a remarkably effortless dish and every iota of the workload can be done ahead, leaving you as free as air on the Sunday.

Normally, I follow the main course with a salad of seasonal greenery and cheese, but for Sunday lunch I find myself harking back to the British custom of serving cheese with a jug of celery, oatcakes and water biscuits (preferably home-made) AFTER, not before, the pudding.

I never serve a first course at Sunday lunch but some people like to when it is a party, rather than a family, affair. If you must have one, I suggest something light and fairly slight such as a warm leek and walnut salad, or chicory Polonaise, or a Jerusalem artichoke and parsley vinaigrette with prawns.

Avoid anything very substantial; otherwise, there is no way you'll be able to do proper justice to the pudding (and many *would argue* that pudding is, or should be, the real *raison d'etre* for Sunday lunch). More about puds in this column shortly.

SELKLEY HOUSE PORK
(serves 6)

These days, regrettably, the average pork chop often makes dull and dry eating. Here, the meat is marinated, then braised slowly for the sake of succulence. It is a deliciously easy dish and won't come to harm if cooked for quite a bit longer than indicated, or it can be cooked ahead completely and reheated for serving. The best accompaniments are a thin, smooth potato purée, or *boiled and lightly buttered* noodles, and plenty of peppery watercress.

Six pork chops or loin steaks; three large oranges; one dozen prunes; one onion; six ounces mushrooms; a little oil and seasoned flour; thyme and Dijon mustard; three-quarters pint stock; four-five tablespoons cream.

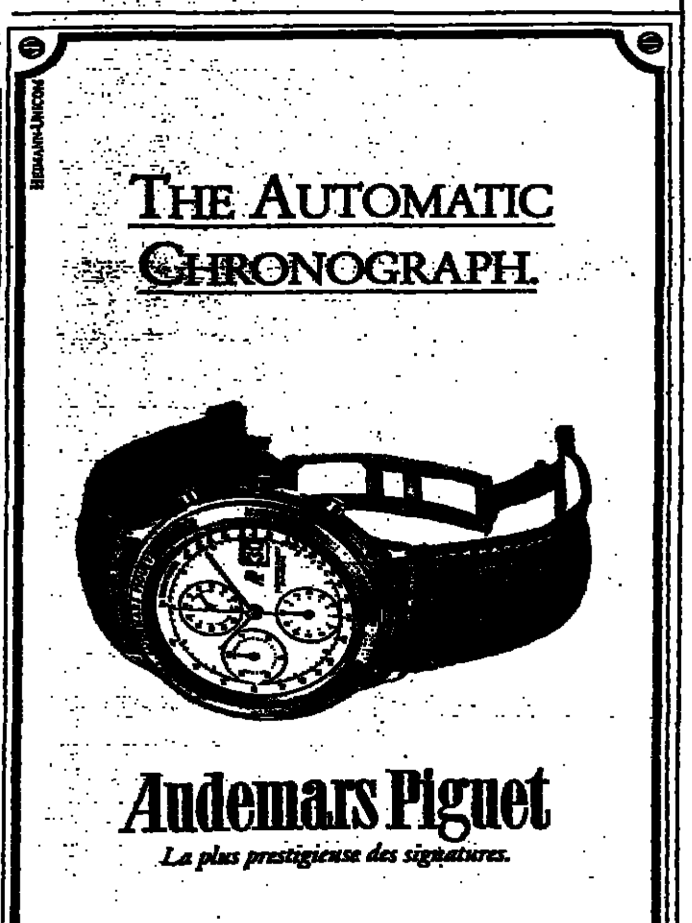
Trim the rind and surplus fat from the meat. Sprinkle with a good grinding of black pepper, pour on the juice of the oranges and add a good pinch of citrus zest. Marinate the meat for about 24 hours, turning it once or twice.

Drain the pork, reserving the liquid. Dry carefully and dust with a little seasoned flour. Brown and seal the meat in a non-stick pan barely filmed with hot oil, then lay it in a baking dish which holds it snugly and tuck the prunes here and there in between the pieces of meat. Quarter the onion and slice thinly. Soften slightly and tuck it round the meat. Slice the mushrooms, santé them briefly (adding no extra oil to the pan) and lay them on top of the pork. "Wash out" the frying pan with the stock and the marinade liquid.

When the mixture comes to the boil, season it with salt, pepper and thyme and pour it *gently into a corner of the* meat dish. The liquid should not immerse the pork but come nearly level with the top of it. Cover the dish tightly and bake at 300F orjust over (150C, gas mark two) for AT LEAST 2¼ hours – maybe 3¼ hours or more – until the meat is beautifully tender.

Use a bulb-baster to pour off the liquid and fast-boil it until reduced by nearly half. Beat the cream with one tablespoon mustard in a small bowl. Stir in a spoonful or two of the hot, very savoury gravy, then blend the mixture into the rest of the gravy and heat again briefly.

Pour the sauce over the pork. Cover and keep hot until *ready to serve. Garnish with* watercress or parsley for added colour just before bringing the dish to table.



Food for Thought

Time the stars fell to earth

HAVING JUST returned from seeing-in the New Year in Paris, my thoughts are tuned to the chef's star system and its effect on our lives. I am not talking particularly about the Michelin star system: that has its detractors but, in general, I am not one. Michelin is anonymous and very austere: its entry for a three-star place (the best) is no longer, no more fulsome and no more descriptive than for a one-star.

Only the little list of specialities given for all starred establishments descends from symbols into ordinary prose. Even here, some chefs, apparently determined that their entry should remain as anonymous and uninformative as possible, simply put "*Spécialites suivant saison*" and leave it at that. The specialities never had a lot of meaning for the touring gastronome, anyway.

The Gault & Millau guide (from which Gault seems to have dropped out) has picked up from where Michelin always left off; it is chatty, slangy, knowing, and inevitably involves a lot of talking to, and about, chefs and proprietors.

I suppose that all professions have their stars, although only the exceptions among accountants or arbitrageurs become known to the public at large. But chefs? I am amazed at how often people drop the name Paul Bocuse for me to pick up. Bocuse is a master of publicity.

A couple of years ago, I went to a gastronomic celebration in New York at which I noticed Mayor Ed Koch, car chief John de Lorean and actor Danny Kaye as well as lots of beautiful women. But the nudging and the "psst-psst" among the other guests really started when Bocuse arrived.

The Hollywood "star system" began when managers found that people often went to films because of who was in them rather than for any more analytical reason. So, it became necessary to manufacture stars as a marketing tool. The restaurant business has no need of this kind of policy.

I think New York is even more star-struck about its chefs than Paris, but there's not much in it. People who are naturally star-struck will like it and others will resist bitterly. But what effect does it have on the food? Well, some. There is a kind of cook whose food is conservative – ordinary, even – but lifted out of routine by skill and attention to detail. Such skilful but modest performers tend not to become stars until one day they try the effect of a bit of apricot jam with the pigeon and bingo, they're on everybody's lips. Back to square one and my New Year in Paris.

I thought then about star cooks because everybody talks about them and because I dined at Michel Rostang in the rue Rennequin in the 17e. Here is a star if ever you saw one: not only a very smart Paris place (two Michelin stars) but his father has a place in Antibes which, a few years ago, had three stars in *Michelin (today, it has two)*. Let us say the Rostangs are a dynasty. And I was disappointed.

Nice food, attentive young boys waiting. But Rostang's star contribution? It was classical, refined, clean, not at all tarty or pushy. The meal began with a few oysters served "*à la gelée de langoustines*". Well, the oysters *did* have something on them, a bit of juice, a few blobs of something that looked interesting. But was it worth it?

Would you put a langoustine jelly, always supposing you could make such a thing, on an oyster? The result was not bizarre – as it would have been, say, if there had been puréed bananas on the langoustines – but it didn't give us anything worth telling our friends about.

We were having the "*menu dégustation*" which always gives you a small amount of everything good the chef has on offer. In the best places, it gives you about seven opportunities to sample the chef's genius instead of the usual three. So, there being nothing special about the oysters, there were about six chances left for Rostang to show his paces. There was a roast piece of skate: quite interesting to roast skate instead of the things we usually do with it. But the result was rather boring.

Was he reinforcing his star status rather than selling me a good dinner? Obviously, he is a man of both resource and imagination: was he using his paying customers to conduct experiments?

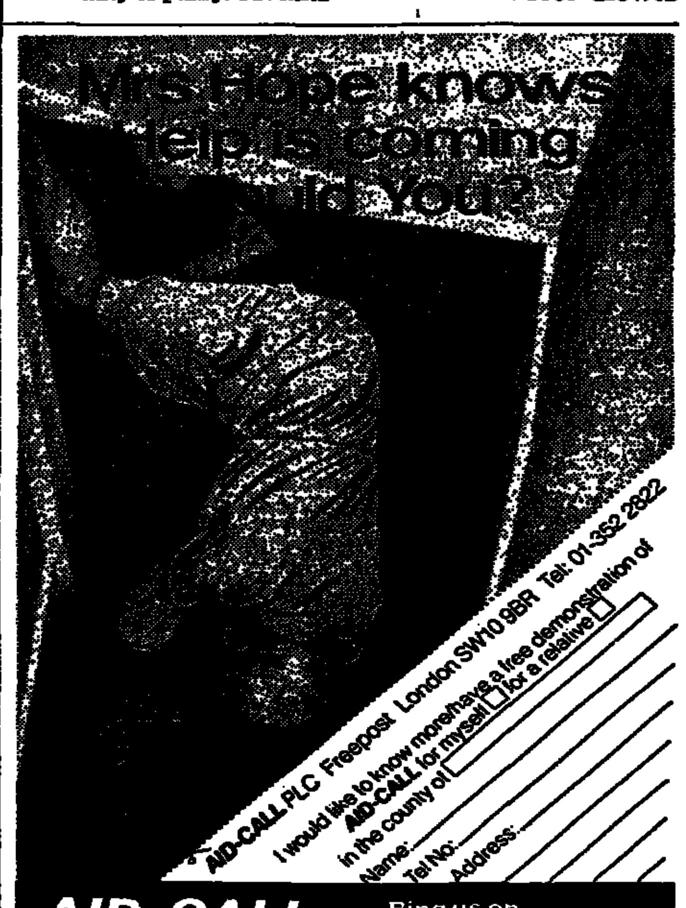
There were some langoustines "*à la ficelle de pommes de terre.*" By the time the langoustines were on my plate, all trace of potato had disappeared. The langoustines seemed to be hot, baked, plain and, if I might say so, rather dry. I shan't go on. There are few things more boring than someone telling you at considerable length about his little disappointments.

My theme is, I hope, is now becoming clear. Cookery is a minor art, rather like cabinet-making. When Michel Guerard roasts and smokes a lobster in the hearth, he is inventing something new that works. Inventing novelties that *don't is another matter.*

I can understand Rostang's thinking: "I shall be innovative and original, not just in putting kiwi fruit and raspberry vinegar on the meat but in the fundamentals of my food; I will rethink the art of cooking." A lot of people are trying to rethink not the art but the science of cooking and, yes, microwaves are the fruits of their labours. But, among chefs, the star system encourages the feeling that innovation in the art of cooking – recipe and menu composition – are the mark of a true master.

Do we remember Thomas Chippendale because he was a great innovator or because he made beautiful and durable pieces? Chefs and guide editors have got to think less about poetry or music and a bit more about furniture.

Peter Lewis



ARTS

Radio

Different kinds of drama on the air

OF THE estimated 25m listeners to the BBC's World Service, it is reckoned that about 1m listen in the UK. "Radical" changes in the service, to use Managing Director John Tusa's adjective, have been made since November, mostly in the realm of news and current affairs. An entirely fresh news programme, *Newshour* has been introduced daily at 10 pm. I have heard a tape of a characteristic bulletin; it's not unfamiliar in style to us addicts of *The World this Weekend*, but with perhaps more attention to affairs abroad. No radical courtesies are paid to the UK million in the Radio Times, not even a frequency. (648 Khz is the one.)

The other changes will be known to the 25m by now, but one point to be made is that the standard of drama seems as good as ever. The half-dozen Globe Theatre plays in the autumn (also given by Radio 4 on Sunday afternoons) were fine drama well cast and directed. Then last Sunday (though not on Radio 4) there was *The Tempest* with John Gielgud as Prospero.

When I say we had *The Tempest* last Sunday, I am exaggerating: we had half of it. The other half will be tomorrow. The director, Walter Acosta, has varied the order of some of the scenes, no doubt to render the arguments more accessible to audiences whose English is, for the most part, not their first language.

So we begin with Prospero bullying Ariel in Scene Two ("How now? Moody?") when that "brave spirit" reckons he has earned his promised liberty. Listeners with an incomplete understanding of the text might well need the relationship of the two made clear at once. Myself, I think it puts. Prospero in a poor light; but I recall that in his National Theatre performance of 1974 I thought Gielgud a less than kind-hearted duke.

When the threats have been made and Ariel (Sam Dastor) sent off, we hear the storm against which he may perform all the feats he is charged with. At its end, Prospero and Miranda (Karen Ascoe) have their family talk, where Gielgud sounds more genially intimate than he did at the National. Then he can be ungenial again with Caliban (Bernard Hepton), who, after our romantic glance at Sebastian, falls in with Trinculo and Stephano. The drunken trio staggers off, and we are introduced to the royal party. "My lord shall know what I have done," Ariel interposes, and listeners have a week to look up the text, starting at Act 3, Scene 1. They have a treat waiting for them.

The Caribbeanesque scene of Radio 3's *A Kind of Arden* by Martin Crimp last Saturday might have been Prospero's island run to seed. Mrs Tighe sits by the hotel swimming pool while honeymooning Max and Poppy swim. You're so lucky to honeymoon in such a beautiful place, she says to Poppy. Last night I saw distant lights by the beach, so lovely, like a kind of Arden.

The friendly talk is full of loaded lines. Mr Tighe has lost the use of his arms, and he can't keep his food down. Max doesn't think children should be born to add to suffering. Then he tells of the walk he and Poppy had made, under a barbed-wire fence on to a tip where primitive people live in poverty, sitting among their fires. They asked, he says, not for money but for love – it's a matter of vowel-change.

Max and Poppy have no love for anyone, though; when Mrs Tighe asks them to try and get help for her husband, they can only advise soaking his bread in milk. Or wine. This was a typical Crimp miniature, a slice of ordinary life thick with hidden threats. Patricia Routledge, Rob Edwards and Amanda Royle played it beautifully under Matthew Walters's direction.

Since their version of Pepys's Diary in 5-minute extracts for LBC that I wrote about a year or more ago, I have heard parts of other Independent Radio Drama Productions' serials, though geography keeps me from following any of them throughout. They have sent me tapes of the whole of their *Frankenstein*, due to conclude on January 17; so, though I can't gauge the dramatic tension you get from five minutes a day, at least I can assess the adaptation and the performance.

Richard Shannon and Tim Crook have kept faithful to Mary Shelley, beginning their story in a bar where Walton is picking up crew for his expedition to the North Pole (a scene that may mean nothing to the average Frankophile, and starts the tale too early). But when the crew see a 10-foot man careering over the ice, and pick up an exhausted pursuer, we are on the way, for Victor Frankenstein's tale is then properly told through his notebooks, and so we have it all.

Mike MacCormack plays the monster, every bit as sad as Mary Shelley wanted him, and Crawford Logan is Frankenstein. Almost everything and everyone else is Shannon and Crook, and Richter plays the incidental music. The 5-minute curtain-lines were not always easy to spot from my continuous performance, but the tension was there, though it slackened now and then. Transmission goes out on LBC's Steve Jones Show. Whether this suits listeners is for LBC to decide, but the claimed audience is almost 1m, and that suggests a hit.

B.A. Young

Mad, wonderfully mad!

***B.A. Young** reviews David Pownall's adaptation of Dumas's The Three Musketeers at Bristol*

The lights go up on Richelieu in his cardinal red, sitting in a chair before the curtain, writing a document. It is a play, he confides. Then behind him the translucent curtain reveals the head of Milady; let the audience judge it, she advises.

It is clear at once what audience she, and David Pownall, who has made the adaptation from Dumas, have in mind. In only a moment Athos and D'Artagnan are duelling. As this is illegal, six of the Guards engage with them, and naturally ("all for one!") with the other Musketeers as well. Three Musketeers and an enthusiastic young ally are more than a match for six Guards, and their triumphant conflict, superbly directed by Malcolm Ranson, sets the tone for an evening as exciting as it is comic.

Pownall has incorporated all the essentials of the tale – the mutual suspicion of Richelieu and King Louis XIII; the sinister presence of Milady (Lady de Winter); the amorous adventures of the Duke of Buckingham with the Queen, Anne of Austria; best of all, the arrival of the young Gascon, D'Artagnan, and his adoption by the Musketeers. Mostly these eminent swordsmen keep their fighting to the civil front, and very fine it is, once spilling over into the aisle. At the siege of La Rochelle, they are more concerned with the quality of their rations.

I called the evening at the Theatre Royal, Bristol "comic," but it is partly a tongue-in-cheek comicness. A Musketeer in King Louis's private chambers becomes suspicious of an overloaded fruitbowl. He whips out his sword and plunges it into the display; it scatters to reveal the head of a spy. The Queen knows exactly how to address a romantic interloper – "You are mad, mad, wonderfully mad!" she tells him. Any episode that can lead to a sword-fight duly does so; even Milady has to wield a weapon at one point.

The play is magically directed by Paul Unwin, and delightfully acted. Bill Wallis plays Richelieu like some witty don from John Betjeman's memoirs, authoritarian but lively (though not much at home in the armour that falls to him from the flies). Sian Webber makes Milady a working aristocrat; Caroline Loncq gives Anne of Austria the right edge of restrained romance – a restraint that Chris Humphreys's handsome Buckingham certainly fails to match.

Athos, Porthos and Aramis, the three basic Musketeers, don't have parts calling for deep acting; their function is to be arrogant, loyal and splendid swordsmen, qualities that Malcolm Sinclair, Trevor Cooper and Nigel Cooke display expertly. As their new colleague D'Artagnan, Jason Connery is allowed an extra fanciful touch. Below his shoulder-length blond hair, he looks about 17, the real romantic boy, and top autograph-hunt of the Bristol holiday season.

Sally Crabb has designed some comely sets, based on big sliding blocks, that can change a location in a moment; and there is witty music from Gary Yershon.

Gulsy Devinu (Briseis) and Paolo Gavanelli (Agamemnon)

Rare opera in Lugo

*Ferdinando Paër's 'Achille' has been revived for the first time in this century. **William Weaver** reports*

A century or more ago, musical – or, at least, operatic – life in Italy was much more widespread than it is today. Even the smallest towns had an annual season, and in many places with a fairly limited population, handsome opera houses were built as evidence of local pride and culture. In our own day, all too many of these charming theatres have been destroyed or turned into cinemas or – now that the cinema's condition is even more critical than opera's – closed down and left to decay.

This was, more or less, the history of the Teatro Rossini in Lugo, originally built in the 18th century, restored several times in the 19th, and then – since the years just after World War II – abandoned. But three or four years ago the authorities of Lugo decided to restore the Rossini to its former elegance. That restoration, conducted with admirable taste and tact, is now almost complete; and once again Lugo has a regular, if brief, opera season.

Though, to Italians, Lugo is best-known as a commercial and agricultural centre (famous for its annual livestock fair), it also has a strong operatic tradition. Rossini – after whom its theatre is named – was born in Pesaro; but Lugo was the birthplace of his father, grandfather, and other forebears; and here the great composer spent some musically formative childhood years.

The inaugural season of the restored theatre included a Rossini work, but this year's repertory consists of a Donizetti double bill and – playing during the Christmas season – a great rarity: the Achille of Ferdinando Paër, being revived for the first time in this century.

To lovers of opera Paër's name is familiar, but his music is not. Some years ago, a revival in Parma (his native city) of his Leonora (immediate predecessor of Fidelio) revealed a composer with fluent invention and secure skill, a worthy cousin of Beethoven; the shadow of Beethoven looms also over this slightly earlier Achille (Vienna, 1801) but it does not obscure the work's individuality and power. It is the heroic nobility of the opera that reminds today's listener of Paër's slightly older contemporary. This Achille is conceived on a grand scale, expressing lofty – but always human – sentiments. Moreover, the orchestration is rich and imaginative; and the large-scale arias also fall agreeably on the ear.

The shrewd and good-looking staging by Pet Halmen (who was also the production's designer) ingeniously gave a sense of larger-than-life to the action, without causing any discord between the grand stage action and the intimate dimensions of the Teatro Rossini itself (a capacity, I would judge, of about 450).

The mostly young cast was able to move with expansive style, with no bluster or awkwardness. The gifted and pretty soprano Giusy Devinu was battling influenza (like half of Italy), but still managed to sing with impressive authority and sense of style: she was a Briseis enslaved but unbowed. And opposite her, the tenor Iorio Zennaro (previously heard in Rossini in Pesaro) was an impassioned Achilles, allowing a vein of romanticism to run through the neo-classical world of the libretto.

The baritone Paolo Gavanelli (Agamemnon), who has sung in Germany but is not known in Italy, turned out to be a revelation: the voice is big, but pliant; and, in a fairly ungrateful role, the young singer created a convincing character. Smaller roles (notable the High Priestess of Valeria Esposito) were strongly cast.

The conductor was Tito Gotti, who also prepared the performing score, involving years of patient research. His profound feeling for the music was everywhere evident, and he soon had the Bologna orchestra playing with proper grace and power. The score was a joy to hear; and, thanks to Halmen's simple, but lovely designs, the production was a joy to see.

Lugo – in the fertile plain between Bologna and Ravenna – is not exactly on the standard opera circuit; but a visit to the teatro Rossini is well worth the detour.

Records

Poet and princess

Offenbach: Les Contes d'Hoffmann. Serra, Plowright, Norman, Murray, Taillon, Shicoff, Van Dam, Tear, Duesing. Chorus and orchestra ofthe Monnaie, Brussels/Cambreling. EMI 3 CDs. 7 49641 2.

Puccini: Turandot (excerpts recorded live at Covent Garden). Turner, Favero, Albanese, Martinelli, Dua, Tomei/ROH chorus/LPO/Barbirolli. EMI(Références) Series 1 CD, CDH 7610742.

Puccini: Turandot. Ricciarelli, Hendricks, Domingo, Raimondi. Vienna SO Chorus/Wiener Sängerknaben/Karajan. DG 2CDs. 423 855 2.

THE new EMI *Contes d'Hoffmann* was recorded in Brussels with the orchestra of the Monnaie conducted with singular finesse by Sylvain Cambreling, a strong cast and a very full text based on the critical edition of Fritz Oeser. Offenbach died a short while before the première in Paris (Opéra-Comique, 1881) leaving not only the orchestration but parts of the music incomplete. The removal of any composer at such a juncture is a blow; in Offenbach's case it was irreparable because he used to do the main revision at the latest possible stage, not only during the final rehearsals but the première and even the early performances.

This theatre animal of theatre animals believed that the proof of the pudding lay in the eating. He was ruthless in making what he called "bedides goupures" to tighten up the dramatic action: anything that was seen to drag or lose the attention of the audience was thrown out. Whether his alterations would have resembled those made at the Opéra-Comique after his death is another matter. The recitatives were scrapped in favour of the spoken dialogue required at this theatre, the title-role, designed for a baritone, was given to a tenor, the Giulietta act was omitted on grounds of length. Valuable material was lost in theatre fires in Vienna and at the Comique itself.

Some sort of stability was achieved by a production at the new Komische Oper in Berlin in 1905. This became the basis of the Choudens score subsequently published in Paris which includes two henceforward popular numbers, Dapertutto's aria "Scintille, diamant" and the so-called septet, neither of them wholly by Offenbach. The barcarolle itself had been lifted by the composer from an earlier opera written for Vienna, the unsuccessful *Die Rheinnixen*. The unreliable Choudens score has remained the source for most *Hoffmann* productions.

Since the war, *Hoffmann* has been thoroughly re-examined. The conductor Antonio de Almeida unearthed valuable material in the possession of the family, while Fritz Oeser, who had performed a similar office for Bizet's *Carmen*, industriously collected sketches, first thoughts, alternative versions and fragments of earlier works which it was believed Offenbach might have pressed into service in *Hoffmann*, especially for the sketchy Giulietta act. Unfortunately, *Hoffmann* so rich in tunes, colour and atmosphere needs above all to pack a punch and produce gut reactions. The more you fiddle about with the score, attempting to give it an intellectual status to which it hardly aspires, the more danger there is of the red blood trickling away.

This is more or less what happens in this recording, in spite of the superior quality of much of the performance. It is too long and the drama sags. One feels that a fine performance is struggling, not wholly successfully, to get out from the heavy load of material. The new music for the double role of the Muse disguised as Hoffmann's chum Nicklausse (in the hope of controlling him) is a gain. But both the first act (or prologue) and the end of the fifth (or epilogue) seem interminable, while the hypothetical stiffening of the Giulietta act, though the unfamiliar music has an aqueous charm, doesn't add up to much. It seems to slip away into the Venetian canals like Schlémil's shadow. One misses the ballast of Dapertutto's aria and the septet (added rather prissily in an appendix).

There are many happy compensations. The fine-fingered orchestral playing, for one thing. As Hoffmann Neil Shicoff suggests that the poet has been burning the candle at both ends by sounding a note of increasing desperation while his singing remains clear and true. A reading of real distinction and charm. As the various incarnations of Hoffmann's evil genius (Lindorf, Coppélius, Doctor Miracle, Dapertutto) the admirable José van Dam is as masterly as one would expect – note the way he casts a sinister chill over his tone without distorting it.

The women are less even in quality. Ann Murray is excellent as Muse/Nicklausse. Of Hoffmann's elusive loves far the best is Jessye Norman in the usually unrewarding role of Giulietta. Miss Norman voices the music grandly but without flamboyance, lending to the part a kind of tarnished grandeur that is most effective. Luciana Serra delivers some of the doll Olympia's roulades with perfect limpidity. Others do not fare quite so well: in any case the doll song without the stage action is not much fun. Rosalind Plowright's stricken Antonia is so urgent and dramatic that one longs for the voice to relax and clarify. Many less eminent tenors than Robert Tear have brought more character to the four servants' roles. Among Giulietta's disreputable hangers-on one notices the Schlémil of Dale Duesing. In spite of so many good things, admirers of this much-loved but perpetually unlucky opera may feel sadly that it has not yet found a definitive form.

Many people were aware that a recording had been made of some scenes from the *Turandot* performances during the Coronation Season at Covent Garden in 1937 and that for various reasons they were not able to be issued. Now, at last, they have appeared on a single CD in EMI's Références' Series. Well worth waiting for, but a curious product all the same. Four excerpts ("In questa reggia," the riddle scene, Calaf's two arias) were recorded twice, on May 5 and 10 respectively, Liù's "Signore, ascolta" only once. The Liù on the first occasion was Mafalda Favero (only briefly heard, unfortunately), on the second, Lucia Albanese. In each case the second recording is superior, and the second riddle scene carries through to the end of the act, enabling older opera-goers to hear a few phrases from the Emperor of Octave Dua, a stalwart of Covent Garden in those days.

The superb voices of Eva Turner and Giovanni Martinelli are well matched in their burnish, impregnable strength and evenness. Dame Eva, of course, had already recorded "In Questa Reggia" separately and that reading has remained a classic. Here, with the excitement of a live performance, the sweep is even grander. Martinelli's Calaf (these were the only occasions he sang the role on the stage) sounds not only regal but thoughtful. Albanese's solo is appealing. A pity they did not record Favero's singing of the second aria; memory insists that she was a strong and positive Liù, not the usual little crumpled flower.

Deutsche Grammophon has put Karajan's recording of 1982 on CD. First issued on three discs, it has now been compressed without apparent difficulty onto two. The sound of the Vienna Philharmonic is gorgeous – it infects the Sängerknaben, who sound irredeemably creamily Western.

Katia Ricciarelli, strangely cast as Turandot, begins "In questa reggia" slowly, wistfully, almost somnambulistically. She certainly throws a new, interesting but hardly convincing light on the character. In the later stages of the opera we are a long way, to put it mildly, from the glorious security and thrust of Turner. The Liù of Barbara Hendricks is exquisite. Domingo's Calaf, warm-voiced, chivalrous-sounding and unerringly musical is surely as good as one could hear at this time. At the conclusion, when Alfano sloshes on the heavy brass, Karajan lets rip and the effect is more vulgar than usual. When will someone let us hear Alfano's original ending, kept under wraps until it was used for a concert performance of the opera in London some years back?

Ronald Crichton

"The Lovers," a 16th century French School painting, bought for $82,500 in New York this week

Questions of attribution

***Robin Duthy** seeks out bargains in the salerooms*

IN THE art world attributions are critical to values, but there can be exceptions. If experts decide that a painting by a famous Old Master was done by studio assistants, its value will come crashing down. In the silver market that doesn't apply. People will pay a hefty premium for any piece by the great silversmith Paul de Lamerie even though he is believed to have had 40 or so employees and probably worked on a fraction of the pieces that bear his mark.

I had this in mind when I found among the bargains at Christie's East in New York on December 19 an elegant George III inkstand made by Samuel Herbert & Co in London in 1764. I "bought" it for £600 ($1,000) and for several reasons consider it a snip.

It was good enough to have been sold at Christie's main Park Avenue saleroom, but the vendor wanted a quick sale so it was rubbing shoulders with some quite ordinary silver at Christie's second string saleroom over on the East Side. At Park Avenue it might have fetched a lot more.

The growth-rate for English silver has been running at an annual average of 12 per cent since 1975. Prices have been rising faster for pieces that adorn a dinner-table; inkstands may have risen more slowly, but with the resurgence of the fountain-pen I expect attractive 18th century examples to keep up with the field.

★

The Scottish Colourists – Peploe, Cadell, Hunter and Fergusson – have had a steady following in Scotland since the 1920s, though even in 1970 prices were mostly in the middle hundreds. Dealers recently swooped on this neglected group and prices have doubled in the last year alone. The overall rise since 1975 stands at an astonishing 1450 per cent.

Yet prices are still not high in relation to other minor post-impressionists and I therefore "bought" "The Two Crofts, Iona" by F.C.B. Cadell for £28,600 at Christie's Glasgow auction last month.

Scotland's golden age of painting ran from about 1750 to 1820, followed by a dark age in which the mood of most painting was horribly sentimental. With the possible exception of William McTaggart, the first glimmers of light came in the 1880s with the group known as the Glasgow Boys.

The breakthrough then came with the Colourists. They assimilated van Gogh, Cezanne and Gauguin and after working in Paris and Provence were the first to represent Scottish landscape with the robustness and subtlety it called for. Cadell divided his time between Iona and Edinburgh. His brilliant Edinburgh interiors can fetch £50,000 and more, but it is the deeply felt – and for the moment less expensive – views of Iona that show Cadell at his most compelling.

★

The Rue du Bac in the Latin Quarter of Paris still has a handful of worthwhile antique shops. Jacqueline Boccador at number 22 specialises in early European furniture and sculpture. Last week she had several pieces that I would join the Foreign Legion to own.

I finally settled on a 17th century Spanish writing-table for which I "paid" £9000 (100,000 francs). Its top is a single walnut slab, about four and a half foot by two and a half, of glorious rich colour. The three drawers rest on turned supports which are joined by the traditional iron stretchers.

Spanish furniture is too austere for many tastes, and would come a poor third to French and English furniture in most homes, yet this piece seems to combine strength and elegance with character. It may never reach the price-levels of its French counterparts,

An elegant George III inkstand made by Samuel Herbert & Co in London, 1764, sold for $1,000 in New York

not least because the craftsmanship was less good, but it will be affected by the growing Spanish economy. Prices are already higher in Spain than in London or Paris and in the medium term the outlook is good.

★

Finally, I "bought" for £47,000 ($82,500) on a 16th century French School painting auctioned by Christie's in New York on January 11th. Entitled "The Lovers," it was de-accessioned by the Metropolitan Museum of Art, presumably because it is below their exhibition standard.

I can see why; the paint is thin in places, but, more than that, the arm with the hand holding the spectacles joins awkwardly to the woman's body. The painting derives from a print dated 1579 which shows the original subject was Youth and Age with the woman handing the spectacles, symbolising old age, to a third figure.

For all its defects, I think this a bargain at £47,000. The young man with his stunning red hat is holding the woman in a serious, tender embrace, giving the whole painting an almost medieval aura.

Gauguin: instinct with symbolism

***William Packer** in Paris reviews the new exhibition at the Grand Palais*

THE sequence of magnificent exhibitions at the Grand Palais, on the great French painters of the 18th and 19th centuries, continues from today with a full study of the life's work of Paul Gauguin.

As so often nowadays, this is a joint exercise of major institutions abroad, and so *Gauguin* comes to Paris (until April 24: sponsored there by Olivetti) having already been shown in Washington and Chicago. We may regret that such things do not come to London, but London too has its exclusive treats and Paris is but 200 miles away.

Gauguin was undoubtedly a great artist, and not simply for the quality and originality of his work, but in his influence, both immediate and in the longer term. His was one of the determining influences upon the course of modernism in its first great period, and to consider his achievement today, in its totality, is to wonder at its continuing vitality and relevance. After a decade that has seen so much figurative expressionism and symbolism revived in flatulent pastiche, to see the real thing was never so salutary.

Yet Gauguin has always been an awkward artist. Always forceful and aggressive even at his most seductive and hedonistic, he is an artist more to respect than positively to admire and enjoy. Much of the problem comes with the development of the work lying so close to the story of the life. As with Van Gogh, Modigliani and Soutine and many more, the myth of the heroically self-destructive artist too easily interferes with the reading of the actual achievement.

Gauguin's career, far from being concentrated into a few short years, was various, episodic and extended over more than 20. What one knows by direct experience of his work has depended largely on what any particular collection might hold. Some artists readily declare themselves in everything they do, but hitherto one has constantly encountered Gauguin absorbed in the work of the moment, with the essential, unifying intuition by no means apparent.

The great virtue of this exhibition is that it now allows us to take in the whole sweep of the work, in Paris and Brittany and the South Seas and at last to see that for all the apparent shifts and differences, the development is steady and the essential sensibility the same. The sum is rather greater than the parts.

Gauguin was born in 1848 and turned to painting only in his middle 20s, abandoning his career as a stockbroker. In the conventional account of modern art he stands with Cezanne, Van Gogh and Seurat as one of the four post-Impressionists, those artists who broke with their immediate peers and contemporaries, the Impressionists, to exploit the several opportunities that their revolution had opened up.

Post-Impressionism *is* now seen as something rather more complicated and various than that, and far less exclusive, but something of the old truth still holds good. That great quartet still marks the twin strains of emergent modernism, the constructivist on the one hand, the expressionist on the other. And while, with Van Gogh, we see an expressionism still directly responsive to the immediate experience of the visible world, with Gauguin it is an expressionism at once more radical and reflective.

It is in his work, from the moment he first went to Pont-Aven in Brittany in the early 1880s, that we discover Fauvism *avant la lettre*, and an innate sympathy for folk and primitive art fully 20 years before Picasso first visited the Musée de l'homme. In his carvings and ceramics we see the early, decorative stirrings of art nouveau, fully confident in the vigour and energy that pattern and rhythm may bring to the work.

But it is as a symbolist that Gauguin is most himself. For it was Symbolism, the harbinger of Surrealism, that was the all-pervasive influence of the 1880s and '90s, Symbolism that first turned Van Gogh to art and took Picasso into his first maturity. The work of Gauguin is instinct with Symbolism, whether openly Christian as in the Breton visions of the 1880s or the successive Christ-like self-portraits, or in the more quizzical and elegaic paganism he came to in the South Seas, in the year or two before his death in 1903. The women rest, the group falls silent, the talk goes on outside the door, the sun goes down – where do we come from, what are we, where are we going?

Such considerations bring us back to the work itself, and to the all-consuming commitment of a great artist to the practice of his art. Whatever these paintings may say to us in their imagery of questions of life and death, the energy and authority in the manner of their saying says rather more – in the richness of the paint, the brooding heaviness of the tones, the heat of the colour, the strength of the drawing.

There are moments of high excitement, most especially in the middle galleries where his first years on Tahiti, above all the women he found there, are celebrated in images of ravishing colour and monumental authority.

The wood-cuts and mono-prints he made in Tahiti are extraordinary for their technical daring and invention, but he had already developed as a print-maker in his time in Brittany. A small but fascinating exhibition at the Bibliotheque Nationale, *Gauguin et l'Ecole de Pont-Aven* (until March 5) deals with his prints of this period and those of his associates, notably those of Armand Seguin and the Irishman, Roderick O'Conor.

Self-portrait with a yellow Christ

Sadler's Wells Royal Ballet: lured north by new facilities and extra cash

Dancing all the way

*Birmingham's artistic pretensions have been given a boost. **Antony Thorncroft** reports*

AFTER much painstaking negotiation, and with many doubts swallowed along the way, the Sadler's Wells Royal Ballet has finally decided to commit itself to a new life in the Midlands. It is becoming Birmingham's dance company, lured north by the promise of £4m worth of new facilities – rehearsal studios, a gym, physiotherapy unit, etc – at the Hippodrome Theatre, and £2m in extra cash spread over three years.

A year ago the director of SWRB, Mr Peter Wright, was less than enthusiastic about the move. But the obvious keenness of Birmingham to acquire the company and his belief that London just couldn't comfortably cope with two "international class" dance companies won him round. There might also have been the feeling that, with the Royal Ballet going through a critically poor patch, it was no bad thing to put some distance between it and its younger associate.

The eventual deal was less generous that hoped, but somehow Luke Rittner of the Arts Council managed to squeeze £500,000 in "new" money out of Richard Luce, Minister for the Arts, securing the funding which will be used to expand the company by five, to 60 dancers, pay for top guest artists and the commissioning of new ballets, and improve rehearsal time. The £2m cost will be split between Birmingham Council and the Arts Council. More to the point,both Councils have promised to maintain the extra cash for at least five years.

Some dancers will not want to move to Birmingham and the drop outs are estimated to number between three and fifteen. Peter Wright has bravely admitted that if some of the principal dancers choose to stay in London, the standards of the SWRB will slip for a few years. But then the advantages of the improved facilities will show through and a bright new future ensured.

It is hard not to admire Birmingham for its propaganda coup in securing the SWRB. A few years ago the local politicians admitted that they had made a mess of their city and set about the daunting task of trying to re-establish Birmingham as an important European metropolis. Like Glasgow facing a similar Herculean task it has used the arts to smarten up its image.

Over the last five years an extra £2m a year has been added to the arts budget. Before the capture of the SWRB the greatest achievement had been to persuade Simon Rattle to extend his conducting commitment to the City of Birmingham Symphony Orchestra to at least 1993. It managed this by increasing its own funding of the orchestra, to £580,000 this year, and persuading the Arts Council, committed to its Glory of the Garden regional investment programme, to toss in another £500,000 a year. In addition Birmingham agreed to set aside a hall in the new £125m International Convention Centre as the home of the orchestra.

The creation of a first rank orchestra and dance company in the city obviously represents a genuine boost to Birmingham's artistic pretensions. But, rather like its bid for the Olympic Games, there is a danger that the reality behind the grand gesture is more amorphous. Rattle is a conductor of genius but he will only be performing in Birmingham on 17 occasions in the 1988-9 season and tickets are immediately gone with the wind. The SWRB will be appearing at the Hippodrome for just five weeks a year, although this should rise by 1995 to a ten week residency.

Rattle: staying until 1993

Anyone stuck in Birmingham tonight and looking for an evenings culture might well have a frustrating time. There are only two cinemas; the three theatres will be presenting pantomime; there is a striking paucity of fringe theatres, comedy clubs, or chamber concerts.

So Birmingham as an artistic force is a vision of the future rather than an established reality. But the changes are in train – the extra funding has stimulated the CBSO; the Hippodrome boosted its box office revenue by 34 per cent last season; the Repertory Theatre, thanks to £505,000 in City subsidy and an energetic new director John Adams, is at last putting on the occasional production that attracts the national theatre critics; the City of Birmingham Touring Opera (just the kind of troupe the city needs) had some success on a recent visit to London's South Bank with its *Magic Flute*.

And by the time that the SWRB arrives in Birmingham in the summer of 1990 a few of the planned improvements to the environment will be taking shape. Birmingham Council has joined the Percent for Art club, which aims to add a per cent of artistic embellishment to the 99 per cent of commercial calculation which goes into major new property developments. Already £800,000 (its original budget was £80m) has been spent on beautifying the new Convention Centre, with a £250,000 sculpture by Raymond Mason; a neon sculpture by Ron Heselden; and a stained glass panel by Alexander Beleschenko. And the Bull Ring, symbol of Birmingham's wrong turning in the 1960s, is planned for extinction.

The SWRB will be performing on a better stage – literally so, as well as environmentally, for one of the Hippodrome's improvements will be the creation of a more pliant stage to save the dancers' feet. Just as Birmingham has committed itself to the ballet company so the SWRB seems prepared to embrace Birminghham. Peter Wright is pledged to stay five years, which is beyond his retirement date. He expects to draw more dancers in future from the Midlands, eventually creating a ballet school in the city. Even the SWRB orchestra might even be tempted up the M1.

The SWRB has always been a touring company, used to living off the land. It will tour even more when based in Birmingham, at least in the UK (foreign visits will be reduced). It will still play Sadler's Wells theatre once a year and Covent Garden at least biennially. It is getting out just before the Royal Opera House is forced to contemplate the upheaval of two dark years after 1993 when it closes for redevelopment. It is probably doing the best thing. Its departure will cause a problem for Sadler's Wells Theatre, which earns £100,000 a year in rent from the company, but the Arts Council might help out here. There will be personal crises for some of the married dancers. But money talks.

The biggest problem is the least important – the name of the new company. Dance troupes are nostalgic and Peter Wright wants to keep "Sadler's Wells" in the title. The company is still part of the Royal Ballet, so that should stay. Birmingham has generously said it will not insist on its less than melodic appellation. No doubt the best brains of our generation will come up with something not too tongue twisting.

Ripple Effect at the ICA

***Claire Armitstead** reflects on the state of performance theatre*

THE DAYS of sitting comfortably knowing what will begin have long gone at London's Institute of Contemporary Arts, whose newly launched "Ripple Effect" programme is set to wash conventional demarcation lines still further out to sea. This year-long series of performances in progress was made possible by an enlightened £10,000 sponsorship from Thames Television.

The monthly programmes of two or three presentations began typically on Monday with three women from different generations and areas of performance. Most engaging was Bobby Baker, a graduate of St Martin's who developed a speciality in edible art before foresaking it for motherhood nearly a decade ago, and who is now proving she can have her cake and eat it with performances that take her nursery experience on board. "One does get quite used to drama as a mother," she remarks, as she proscribes her performance area with a serviceable polythene sheet.

The need for it soon becomes clear as she begins to "paint" – the fleshy impressions of four hunks of beef are followed by whooshes of fish pie, Guinness and treacle, ingredients of a mother's life. "I don't like waste," she announces proudly, stacking empty containers neatly in the carrier bags whence they came like a conscientious picnicker, before removing her already sullied shoes to wriggle her toes through the party-coloured gunge.

This first piece, *Drawing on a Mother's Experience*, has the benefit of a previous airing, whereas her second, *Chocolate Money*, an astute tongue-in-cheek essay on confectionery capitalism, is a work in progress, which is what Ripple Effect is all about. Bobby Baker is typical of the performance community in her defiance of received boundaries. As an artist she harks back to the unstructured exuberance of Jackson Pollock but as a performer she is her own woman. Like the better-known Rose English, she uses her personality as a building block on which she nails themes and variations – a process symbolically expressed at the end of *Mother's Experience*, when she rolls herself up in her besmirched art work and dances with considerable difficulty off the stage.

The refreshing irreverence of Bobby Baker was offset by the high seriousness of her fellow-performers. Elsie Mitchell, newly emerged from Glasgow School of Art, presented a tantalising piece of work closely related to concrete poetry, which bounced slide projections off water to create a drifting dream narrative, with lines of text that splintered and reassembled on screen at the dip of a finger. The challenge thrown out by the performance community to conventional attitudes to text is one of its most exciting areas, explored notably in the work of David Gale for Lumiere and Son. In *She Watches Silently*, Elsie Mitchell claims it as part of a primarily visual landscape.

Bobby Baker performs "Chocolate Money"

Third to go on the programme was the dancer and choreographer Liz Agiss, who premiered *The Stations of the Angry*, a short, dark piece commissioned by Brighton's Zap Club which sets a figure with extremities sunk in hefty foam pillars in a soundscape dominated by departing trains. From the expressionistic lugubriousness of mood and movement I take them to heading for extermination camps. This, to my mind, had pretentions above its station but the right to go over the top – indeed the right to fail – is the base line of the Ripple Effect initiative.

Essential, too, is the right to be mystified. One of the reasons performance has been so slow to catch on in Britain is undoubtedly the lack of an adequate language to codify it, and the consequent descent by those who attempt to do so into an often intimidating jargon.

What, for instance, is the difference between performance art and performance theatre or for that matter visual theatre? And isn't the use of such terms merely creating a new sort of elitism to replace the despised old ones? This is precisely the sort of question that could and should be raised at the "Ripple Effect" shows, each of which will be followed by a discussion.

An imaginative attempt to sidestep the issue is embodied in the ICA's forthcoming season "Tracing an Unseen Presence," which links disparate performances by theme rather than discipline in an initiative that is the inspiration of the ICA's theatre director Bob Wisdom.

The chosen theme is myth and ritual, a fascinating and complex area which has gained prominence with the infusion of new Asian and Afro-Caribbean work into the British theatre. Appropriately, the line-up includes two pieces by the Senegalese dancer-choreographer Isnel da Silviera whose company, based in Paris, has developed a style influenced by her West African upbringing.

Representing the home team will be Sheffield-based Forced Entertainment, who take ritual into its contemporary urban context in *200% and Bloody Thirsty*. Devotees of the Station House Opera school of intense, inspired theatricality will find them eminently collectable. Also from Britain comes Rosemary Butcher, a "choreographic artist" whose show *After the Crying and Shouting* employs a score by Wim Mertens and lighting my Ron Hazeldean in a meditation by six dancers on the apocalypse. Mertens, of course, is an old hand at such collaborations, with Jan Fabre's *Power of Theatrical Madness* and Peter Greenaway's *Belly of an Architect* already to his credit.

The ICA is noticeably absent from the schedules of the 11th London International Mime Festival which is placing a new emphasis this year on the South Bank, with an increased number of free foyer tasters at the Queen Elizabeth Hall and a two-week takeover of the Purcell Room. It kicks off there on Tuesday with the Czeck actor-clown troupe Bolek Polivka and Company in what is likely to be one of the festival's highspots, even though a scuffle with the Czeckoslovakian visa authorities has prompted a last-minute switch of show.

At the heart of this year's festival, for the first time commercially sponsored, is the commission of a new work from dereck dereck Productions, an all-encompassing partnership of Julia Bardsley and Phelim McDermott which has already spawned a magnificent dramatisation of Ian McEwan's *The Cupboard Man* and a flawed but finely conceived staging of Ted Hughes's epic poem *Gaudete*. Their canvas this time is the work of the quirky American artist Edward Gorey, whose eccentric drawings will be fashioned into three volumes of moral instruction, collectively *The Vinegar Works*, for performance by a cast including 26 children.

Significantly, dereck dereck are not obvious contenders for the title "mime." Their inclusion in the festival is justified by its organisers as a challenge to existing prejudices and preconceptions. But given the resistance of some sections of the theatregoing public to the idea of mime, the gauntlet is well and truly thrown down by the inclusion in its fold of a duo who hit the mainstream dramatically last year as part of the Old Vic's feted Ostrovsky revival *Too Clever by Half*.

Signs that the arts establishment is beginning to relax its sword arm towards proponents of an alternative, cross-discipline approach are backed up by the confidence of their sponsors. Brewers Moosehead have taken the mime festival on board, while Thames's interest in the "Ripple Effect" is an encouraging portent of things that may be to come.

The last few years have already seen the absorption of the alternative comedy community into work as far removed from its natural patter as Shakespeare's *The Tempest* (Jonathan Miller's Old Vic production last year notably featured Alexei Sayle). Who knows, we may soon be watching Bobby Butcher devour Rik Mayall – text by Edward Bond?

Chess No. 756

1 R-K4 (threat 2 R-R4), R-KN1; 2 QxRP ch! KxQ; 3 R-R4 ch, K-N2; 4 B-R6 ch and 5 B-B8 mate.

Prey's winning way with Schubert

THE Schubertiade running through the week in the Queen Elizabeth Hall under Hermann Prey's authoritative direction ended on Thursday, when Prey himself devoted a recital to Die Winterreise. He had begun the series on Monday with a programme which explored both familiar and unfamiliar Schubertian veins; Tuesday's and Wednesday's offerings had mixed chamber music and songs from younger performers to flesh out a portrait of the composer conceived and overseen by someone who has devoted the best part of a quarter of a century to surveying the output. Winterreise was the natural climax, and accompanied by the immensely impressive Helmut Deutsch, Prey set out upon the journey.

His view of this greatest of song cycles has been chronicled here numerous times. In his review of Tuesday's opening recital David Murray enumerated Prey's inestimable virtues in Schubert; focussed upon the single span of Winterreise, they enhance every aspect of the work. I cannot remember an account which drew the listener so inevitably into its accumulating tragedy and delivered its sentence with such crushing finality. Taken out of context individual songs might have seemed unwontedly distorted, and the occasional vagaries of pitch mattered more.

Darkness loomed early. In the third song "Gefrorene Tränen" the image of tears turning to ice acquired a symbolic horror, and thereafter it was never far from the surface – not a neurotic, fidgety unease, but sheer, numbing despair. In his efforts to sustain the lyric flow Prey was more than willing to disregard the constraints of bar lines, launching his phrases according to their natural prosody, while elsewhere, especially in "Letzte Hoffnung," his concern with squeezing the dramatic essence from a song took him close to Sprechgesang – utterly effective and quite inimitable.

Throughout the cycle Deutsch was an exemplary partner, matching the baritone in a consistently intelligent yet never over-bearing way. His ability to match Prey's legato in a song like "Die Krähe" was a model of its kind, just as his stealthy additions to "Auf dem Flusse" remained on the right side of archness, and cumulative effect of the cycle became very much a joint achievement.

Andrew Clements

SPORT

Philip Coggan with his forecasts for football's big competitions

Arsenal in league boots

NOW THAT the English soccer season is past its half-way point, it is time to stick out my neck and forecast the likely winners of the three major trophies.

In the league, the chief question is whether Arsenal can maintain their challenge and become the first London club to win the championship since they themselves did the double in 1971. George Graham has built skilfully on the team he inherited from Don Howe, making several medium-sized purchases rather than plumping for such big-name signings as £2m players Tony Cottee and Paul Gascoigne, bought last year by Everton and Tottenham respectively.

I am less enthusiastic than some critics about Tony Adams, the England central defender, who appears prone to costly mistakes – such as the hesitation that allowed West Ham's Leroy Rosenior to knock Arsenal out of the FA Cup this week. The average football supporter seems to view Adams as a lumbering donkey. Nevertheless, Graham has an excellent defensive nucleus.

With Adams, O'Leary, Bould, Dixon and Winterburn from which to chose for his back four, he was able to let England international Kenny Sansom leave for Newcastle. In midfield, Arsenal also have an impressive range of options with Paul Davis, Kevin Richardson and Michael Thomas in the centre and, adding width, Brian Marwood and David Rocastle.

Alan Smith spearheads the attack and has been the main goal-scorer this season. He appears at first sight a trifle clumsy – perhaps because of his gangling frame – but he is, in fact, an extremely skilful and hard-working centre-forward. He might be a better choice than Mark Hateley to play for England when Gary Lineker is injured.

The revelation of the season, though, has been Paul Merson, the young forward chosen to partner Smith. As he showed in the New Year game against Tottenham, he has that vital ability to seize the half-chance which marks out the successful striker. And his second goal against West Ham last Sunday illustrated that he has that other vital quality for a forward – luck.

If Arsenal can avoid one of the crippling bouts of injuries that occasionally derail championship challengers, they should have the best chance of being the first non-Merseyside club to win the championship since Aston Villa in 1981. The team's exit from the two cup competitions may help Arsenal's cause by concentrating their minds on a single trophy.

Despite the presence of Norwich and Millwall in second and third place, the team most likely to halt Arsenal's challenge are, as usual, Liverpool. The Anfield club were champions last season and have topped the First Division 10 times in the past 16 seasons.

There has, however, been evidence this season that Liverpool's mask of infallibility might be slipping. In previous seasons, the odd 1-0 or 2-1 loss for the Anfield side occurred but, this year, two particular defeats – 4-1 at West Ham and 3-1 at Manchester United – have been out of the ordinary.

Year after year, Liverpool's defence has been the best in the First Division, conceding, for example, only 24 goals last season. But during the games at West Ham and Manchester, the Merseyside defence was at times run ragged.

Injuries have hit Liverpool particularly hard with Bruce Grobelaar, Alan Hanson, Gary Gillespie, John Barnes, and Ian Rush all laid off at one time or another this season. Fortunately, Kenny Dalglish has an immensely strong squad on which he can call to fill the gaps.

The chances are that when Liverpool get back to full strength, they will get back to their old, invincible ways. After all, they still have every chance of completing the cup and league double this year. But one wonders if the decision to buy back Ian Rush from Juventus might prove to have been a mistake.

Last year, Liverpool relied on an attacking trio of Barnes, Beardsley and Aldridge. The return of Rush seems to have disrupted a successful formula; neither he nor Aldridge has managed to produce his top form.

In the fourth round of the FA Cup, Liverpool face the kind of tie that Kenny Dalglish must have been dreading – away to the rumbustious Millwall. The boys from Cold Blow Lane could well repeat Wimbledon's achievement in last year's cup final and defeat Liverpool with hustle, bustle and aerial power.

The cup has already produced its traditional non-league heroes: Sutton United, who beat 1987 winners Coventry last Saturday. But after two years of underdog wins, by Wimbledon and Coventry, probability suggests that one of the big-name teams could succeed this time.

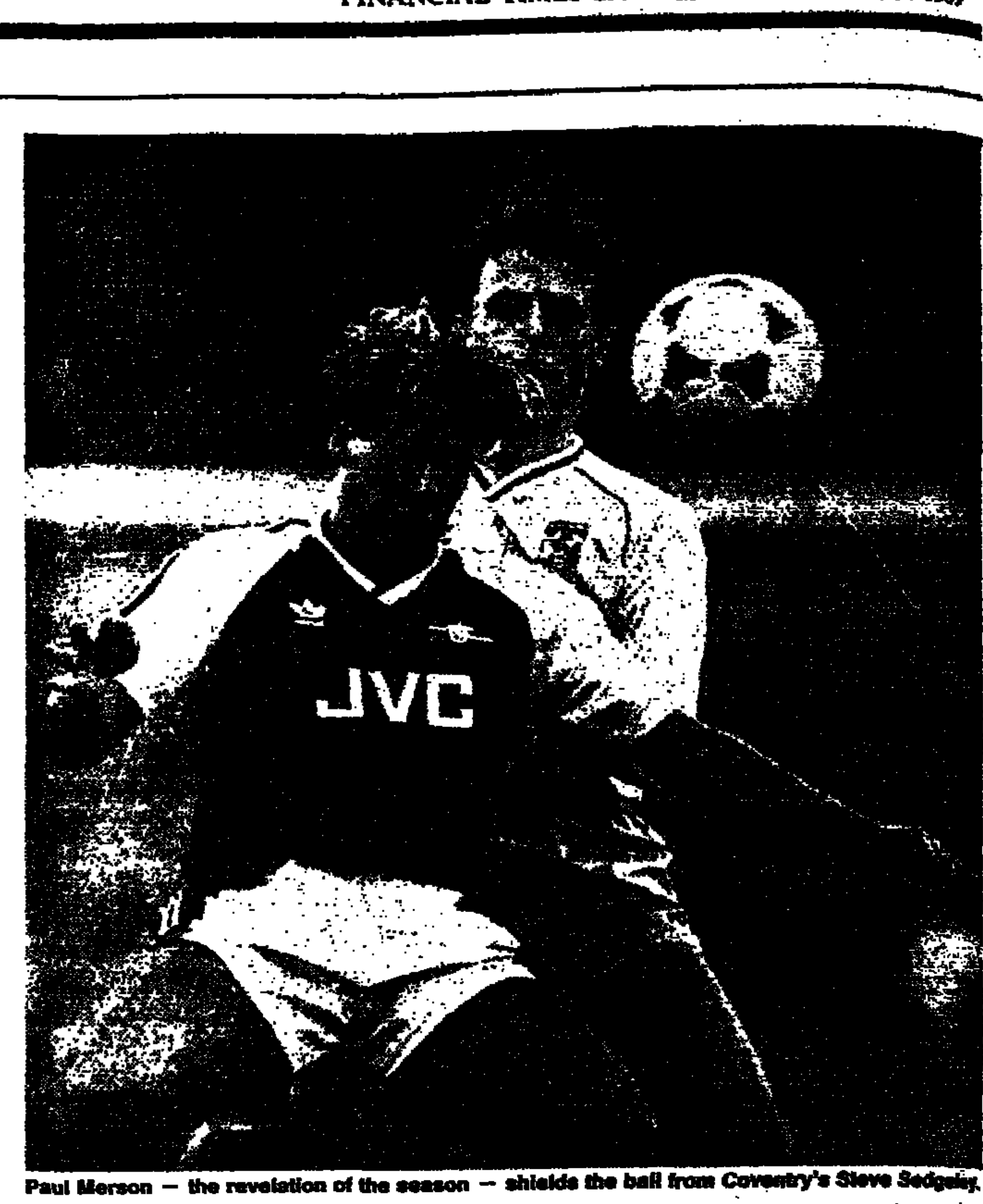
Of the so-called big five, Arsenal and the fast-improving Tottenham are both eliminated, leaving Everton, Manchester United and Liverpool. United have yet to qualify for the next round, having drawn 0-0 and 2-2 with Queen's Park Rangers, but I have a hunch that their manager, Alex Ferguson, is finally getting it right. They have some exciting young players to blend with the experience of goalkeeper Jim Leighton, defenders Steve Bruce and Mal Donaghy, England captain Bryan Robson, and strikers Mark Hughes and Brian McClair.

Their main failing this season has been a tendency to draw matches they should have won. But the cup doesn't allow for draws and that might give the players the extra edge they need to finish opponents. The drawn-out battle with QPR is precisely the kind of tie which clubs often have at the start of a successful cup run. So, with fingers crossed firmly, I pick Manchester United for the FA Cup.

In the Littlewoods Cup, the competition looks extremely open with Arsenal, Liverpool and Everton already eliminated at the quarter-final stage. Having already declared my Nottingham Forest allegiance in an earlier article, I am pleased that they are now the favourites.

So far, though, the trophy has proved a beanfeast for the underdogs and I fear that Forest's reign as favourites may be short-lived. My tip for the trophy is Aston Villa who have an unstoppable striker, Alan McInally, an intelligent manager, Graham Taylor, and doggedly-faithful supporters.

So the treble forecast is Arsenal for the league, Manchester United for the FA Cup and Aston Villa for the Littlewoods. Put on a fiver; if they all win, send me a postcard from the Bahamas.



Paul Merson — the revelation of the season — shields the ball from Coventry's Steve Sedgley

John Barrett at the Australian tennis championships

A forum for gladiators

THE AUSTRALIAN Open, the 78th championship to be held in the sunburnt country since 1905, has the strongest field ever assembled.

When news of the superb facilities in Melbourne spread around the tennis grapevine last January, those gladiators who had missed that first grand slam championship of 1988 thought themselves accursed they were not here. Now, with a few notable exceptions, they *are*.

The decision of 18-year-old American Andre Agassi, who rose to No. 3 in the rankings last year, to miss the Australian – like his decision not to play at Wimbledon – is inexcusable. At the New South Wales Open this week, his attitude was criticised roundly by compatriot Aaron Krickstein.

Otherwise, the glittering array of men's talent lacks only Jimmy Connors, who is convalescing from operations on both feet, and Tim Mayotte, who is sick. Among the women, the only absentees of significance are Chris Evert who, at 34, understandably wants to spend more time with her husband, and the Russians, who concentrated on the Federation Cup before taking a break.

A glance at the draw suggests that some important questions will be answered during the next two weeks. Can Mats Wilander, the new world champion and titleholder, overcome his nemesis, Miroslav Mecir, in the quarter-finals?

I have discounted the chances of Yannick Noah – always a dangerous thing to do. However, I shall be surprised if the athletic Frenchman is back to his best after resting since his forced retirement from the US Open last September with sore knees.

Noah's Davis Cup colleague, Henri Leconte, has looked this week as if he indulged too freely in Christmas fare. With an extra few pounds he is noticeably slower, and I do not expect him to get past the speedy Mikael Pernfors. Nor should Jonas Svensson halt the ambitions of Boris Becker.

The powerful young German, now a strapping 21-year-old, has matured marvellously with the help of Bob Brett, his Australian coach. All that raw power, so evident at Wimbledon in 1985 and 1986, has been harnessed to the purpose of dominating opponents from the net. He is now a much better volleyer than he was three years ago and has rediscovered his formidable service, which has a new consistency.

We shall also discover if Pat Cash, a finalist here for the past two years, is fully fit again. He has not competed since Cincinnati last August and emerged at the Hopman Cup two weeks ago in Perth with a short, trendy haircut and a new service to match.

The toss is lower and the swing is faster. Certainly, like an earlier Australian, Geoff Brown, whose explosive delivery was his best as the ball was rising, Cash gets some surprising results. The aces are among the fastest I have ever seen. So are the double faults! Without any match play to sharpen a game that relies on exquisite timing, I shall be surprised if Cash defeats Edberg – unless the Wimbledon champion's left knee ligaments have still not healed.

The most intriguing newcomer (yes, he has not played here since being upset by Slobodan Zivojinovic at Kooyong in 1985) is John McEnroe. The former world champion is conscious of the fact that he will be 30 in a month's time and talks now of his two children and of enjoying his remaining years on the court.

He is a calmer man. At times this week at the Rio exhibition tournament in Adelaide, the talent has come shining through. Whether, as John believes, he can summon it to order over seven five-set matches remains to be seen. Somehow, I doubt it.

Finally, there is Lendl. In fact, for the past four years there has always been Lendl. He looks fitter and harder physically than I have ever seen him after spending three weeks at practice with his coach Tony Roche. Without the pressure of being the favourite, I believe that Lendl, who has yet to win this title, is the man to beat, with Becker as the main threat.

As so often over the past two seasons, the women's event looks like another two-horse race. Graf and Navratilova are a class ahead of the opposition, so that speculation is pointless. Yes, accidents do happen, as they did last year when world champion Graf lost twice to Sabatini and once (when she was ill) to Shriver. But it is impossible to suggest that the two top seeds will be beaten.

After a much-needed rest, Graf has prepared with her customary thoroughness by arriving early in Melbourne for practice. Martina has chosen the competitive route via this week's tournament in Sydney where she has looked relaxed and confident while working with her new coach, Craig Kardon of Dallas.

If my dismissal of the opposition appears to be cavalier, I call in my defence the evidence of 1988. Last year, Graf was first, the rest nowhere. Her golden grand slam – the four major championships plus the Olympics – was a wonderful feat. It was something that we saw as a possibility when she beat Evert in the Australian final here last year. It remains a possibility for the foreseeable future.

So outstanding is Steffi's talent – her movement and her forehand are superior to anything I have ever seen – that it would not be impossible for the fun-loving teenager to win the grand slam for the next three years.

As a footnote, it is interesting to see how the power base has shifted in the world game. Not so long ago, you would have found at least 45 Americans in the men's draw of a grand slam championship (although not in the Australian before its rejuvenation). This time, the 14 Americans are outnumbered by the 15 Swedes, Germany has supplied 11 men, France seven and Czechoslovakia five. There is just one Briton, Jeremy Bates. He plays Jamie Morgan, an Australian wild card entry, with Cash as a prospective third-round opponent.

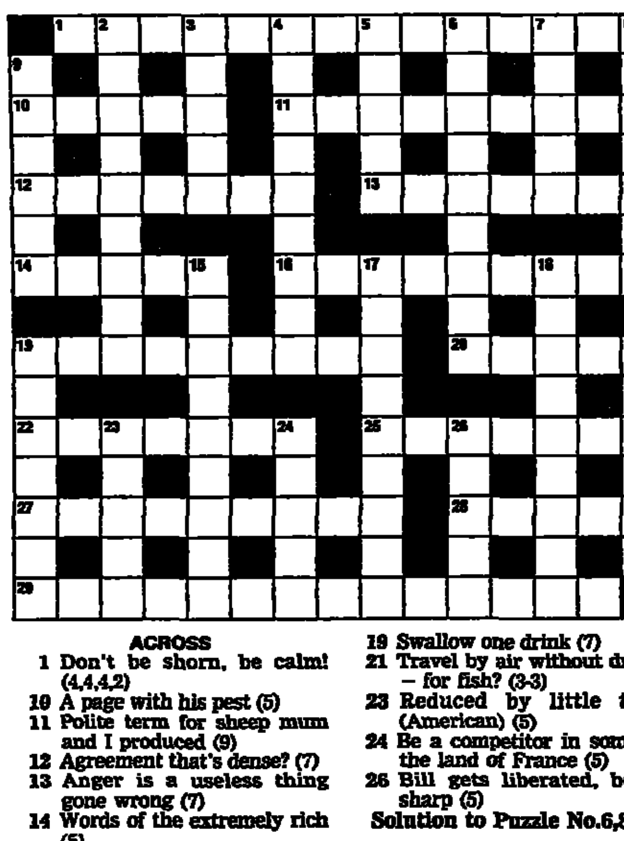
The American presence remains stronger among the women. The US supplies 26 entries and Germany is in second place with 13 (if you discount Australia, with their seven wild cards and a total of 16). There are nine French, five Czechs and four players from Britain, none of whom will survive more than a couple of rounds – unless, that is, we do have an accident.

How times have changed.

CROSSWORD

No. 6,834 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 25, marked Crossword 6,834 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday January 28.



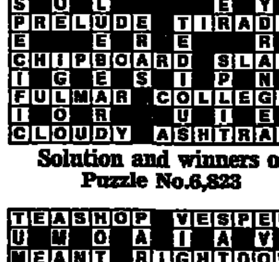
ACROSS

1 Don't be shorn, be calm! (4,4,4,2)
10 A page with his pest (5)
11 Polite term for sheep mum and I produced (9)
12 Agreement that's dense? (7)
13 Anger is a useless thing gone wrong (7)
14 Words of the extremely rich (5)
16 Superior list headed by agent with a good name (9)
19 Fruit with fewer problems, one might say, in the Pacific (9)
20 Ruled with wrinkles (5)
22 Bitter regret about code (7)
25 A pair of grooves giving beast direction in river (7)
27 One who introduces local eggs to river (9)
28 Authoritative about return of convict (5)
29 Slow lane traffic? It's illegal (7,7)

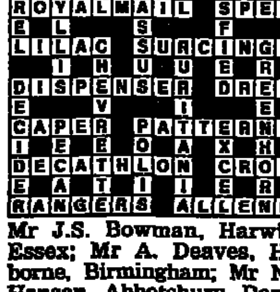
DOWN

2 Passing letter on border with time left (9)
3 Italian food, not French, thank you (5)
4 Diplomatic moves before operas (9)
5 Swift blow to the instincts (5)
6 Tale can do, possibly, depending on it (9)
7 Bring up from Aries (5)
8 Number of compiler – 'e's the man for the job (7)
9 Accompaniment of part sent by post (6)
15 Verdict on arrangement: it isn't natural (9)
17 Quiet end for queen (twice) and a building worker (9)
18 Sound of forbidden comedian on increasingly used transport (9)
19 Swallow one drink (7)
21 Travel by air without drink – for fish? (3-3)
23 Reduced by little time (American) (5)
24 Be a competitor in some of the land of France (5)
26 Bill gets liberated, being sharp (5)

Solution to Puzzle No.6,833



Solution and winners of Puzzle No.6,823



Mr J.S. Bowman, Harwich, Essex; Mr A. Deaves, Harborne, Birmingham; Mr N.G. Hanson, Abbotsbury, Dorset; Mr A.G. McMahon, Algorta, Spain; Ms E.M. Paterson, Forfar, Angus.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

8:15 am Saturday Starts Here. 8:20 Corners. 8:40 Chuckdevision. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand, including 12:20 Skiing; 12:35 Boxing from Elephant and Castle; 12:50 News; 1:00 Racing from Ascot; 1:10 Skiing; 1:30 Racing from Ascot; 1:40 Diving; 2:05 Racing from Ascot; 2:20 Racing from Leopardstown (The Ladbroke H'cap Hurdle); 2:30 Ice Hockey; 2:50 Diving; 3:30 Ice Hockey (Murrayfield Racers v Nottingham Panthers); 3:50 Football; 4:00 Badminton Grand Prix Finals from Hong Kong); 4:35 Final Score.

5:05 News. 5:15 Regional programmes. 5:20 The Flying Doctors. 6:05 Jim'll Fix It. 6:40 Bob's Full House. 7:15 'Allo 'Allo! 7:40 The Paul Daniels Magic Show. 8:25 Columbo. 9:40 News and Sport. 9:55 Kane and Abel: repeat of a 3-part adaptation of Jeffrey Archer's bestseller (part 2 tomorrow at 8:35 pm).

BBC2

12:00 Open University. 1:05 pm Cartoon Double Bill. 12:05 Films: "The Secret Sharer" and "The Bride Comes to Yellow Sky". 13:35 Film: "Hotel Reserve", with James Mason. 5:00 World Darts from the Lakeside Country Club, Frimley Green. 6:50 Travellers in Time: two celebrated British challenges for the America's Cup, by Sir Thomas Sopwith in 1934 and John Amos in 1970. 7:30 Newsview. 8:15 Rhythms of the World: 'Africa Fete'. 10:05 The Film Club. Two feature films by Stanley Kubrick introduced by Terence Davies and Alexander Walker: at 9:07 "Paths of Glory", with Kirk Douglas and Adolphe Menjou; and at 10:30 "Killer's Kiss", with Jamie Smith, Irene Kane and Frank Silvera. 11:40-12:25 am World Darts (highlights of the Embassy World Professional Championship).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Motormouth. 11:30 The Partridge Family. 12:00 The Chart Show. 1:00 pm News. 1:05 Local News and Weather, followed by Saint & Greavsie. 1:40 Sportsmasters. 2:10 Knight Rider. 3:05 Snooker: Mercantile Credit Classic - the Final. 4:15 Mr Majeika. 4:45 Results Service.

5:00 News. 5:05 Local News and Weather. 5:15 Blockbusters. 5:45 Superboy. 6:15 Trick or Treat. 6:45 Film: "You Only Live Twice", with Sean Connery and Donald Pleasence. 8:55 News. 9:10 Local Weather. 9:15 Tales of the Unexpected. 9:45 Aspel & Company. 10:30 Snooker: The Mercantile Credit Classic - the Final. 12:30 am Soap, followed by ITN News Headlines. 1:00 Night Network.

CHANNEL 4

9:25 am Storybook Classics. 10:00 Moneyspinner. 10:30 Film: "Tea for Two", with Doris Day and Gordon MacRae. 112:20 pm Pete Smith Specialities: Ain't It Aggravatin'? 12:30 Empress Wu. 1:00 Vita Futurista. 12:00 Film: "Yellow Jack", with Robert Montgomery. 13:30 Film: "Back Room Boy", with Arthur Askey. 5:05 Brookside. 6:00 Right to Reply. 6:30 Scottish Eye. 7:00 News summary and weather. 7:05 People to People: Letter to Spain. 8:05 The Harp in the South. 10:00 Ivan's Childhood. 10:50 Sounds of Surprise: Machito - a Latin Jazz Legacy. 11:55 The Motown Story, presented by Paul Gambaccini.

S4C WALES

As Channel 4 except-

9:30 am Open College. 10:30 Vintage: A History of Wine. 11:00 Moneyspinner. 11:30 Voices of War. 12:00 Here and Now on 4. 12:35 pm Somo. 1:05 Indian Film Season: "Pakeezah" (Pure Heart). 13:00 Film: "The Gang's All Here", with Jack Buchanan and Googie Withers. 6:30 Chizan 2000. 7:00 Carreg Ateb. 7:30 Newyddion. 7:40 Y Maes Chwarae. 8:30 Corau Mawr. 9:20 True Stories: "Louisiana Story". Robert Flaherty's documentary-drama.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Knight Rider. 2:10 pm The Man From UNCLE. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

BORDER

11:30 am The Chart Show. 12:30 pm America's Top Ten. 2:10 The Fall Guy. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

CENTRAL

11:30 am Star Fleet. 2:10 pm Sportsworld: sporting action from around the world, presented by Bob Hall with Emlyn Hughes. 12:30 am Prisoner: Cell Block H. 1:30 Film: "Body Heat", with Kathleen Turner, William Hurt and Ted Danson.

"Ivan's Childhood" looks at war through the eyes of 12-year-old Kolya Bulyaev. C4, tonight, 9 pm

CHANNEL

11:30 am The Chart Show. 12:30 pm Ski-Tips. 2:10 The Man From UNCLE. 12:30 am Cinemattractions. 1:00 America's Top Ten. 1:30 The Leonard Rosen Show, followed by ITN News Headlines.

GRAMPIAN

11:30 am The Chart Show. 12:30 pm Beathalchean Neonach - "Sea Otters" 2:10 The Man From UNCLE. 5:10 Criomagan. A Gaelic look ahead to the coming week of events in the Highlands and Islands. 12:30 am The Hit Man and Her.

GRANADA

11:30 am The Chart Show. 12:30 pm America's Top 10. 2:10 The Fall Guy. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

HTV

11:30 am The Chart Show. 12:30 pm America's Top 10. 2:10 The Fall Guy. 12:30 am The Twilight Zone. 1:00 Throb. 1:30 Married...With Children.

SCOTTISH

11:30 am The Chart Show. 12:30 America's Top Ten. 2:10 The Love Boat. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

TSW

11:30 am The Chart Show. 12:30 pm The South West Week. 2:10 Charlie's Angels. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

TVS

11:30 am The Chart Show. 12:30 pm Ski-Tips. 2:10 The Man From UNCLE. 12:30 am The American Showcase - Cinemattractions. 1:00 America's Top Ten. 1:30 The Leonard Rosen Show.

TYNE TEES

11:30 am The Chart Show. 12:30 pm Ski-Tips. 2:10 The Fall Guy. 5:05 Cartoon Time. 12:30 am ITN News Headlines. 12:32 The Hit Man and Her.

ULSTER

11:30 am The Chart Show. 12:30 pm America's Top 10. 2:10 The Fall Guy. 4:57 Ulster Sports Results. 12:30 am The Hit Man and Her, followed by ITN News Headlines.

YORKSHIRE

11:30 am The Chart Show. 12:30 pm America's Top 10. 2:10 Charlie's Angels. 12:35 am ITN News Headlines, followed by The Hit Man and Her.

RADIO

(S) Stereo on FM

BBC RADIO 2

5:05 am David Jacobs. 8:00 Sounds of the 60s with Simon Dee. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Inman and Friends. 1:30 Sport on Two, including Football, Rugby Union, Snooker, Racing from Ascot and Racing from Leopardstown. 5:00 Sports Report. 6:00 That's Show Business. 7:00 Beat the Record. 7:30 A Viennese Evening. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Ellis Hill presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:15 The Week on 3 with Peter Barker. 8:30 News. 8:35 Bournemouth Sinfonietta. 9:30 Saturday Review. 10:40 Call the Controller. Phone-in to Radio 3 Controller John Drummond. 11:20 Record Release. 1:00 pm News.

1:05 Third Ear: Jonathan Steinberg explores controversies in the arts world. 1:35 From the Festivals 1988. 2:25 Beethoven. *Piano Sonata in E flat Op 7*, played by Julia Adam. 2:55 From the Proms 1988. Verdi's Requiem. 4:25 Debut. Janet Horvath (cello) and Arthur Rowe (piano): Mendelssohn, Hindemith. 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 "Der Freischutz". Weber's opera conducted by Horst Stein in Achim Freyer's production recorded at the Grand Theatre, Geneva. 9:05 Mendelssohn. Preludes played by Marie-Paul Siruguet (piano). 9:30 Studio 3: 'The Annunciation' (play by Graham Chainey). 10:30 Gavin Bryars Ensemble playing music by Bryars. 11:10 From Petain to Pompidou.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4 with Cliff Morgan. 9:30 Breakaway. 10:00 News; *Loose Ends with Ned Sherrin*. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm I'm Sorry I Haven't a Clue (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Any Answers? 2:30 The Real McCoy (s). Play by John McKenzie. 4:00 News. 4:05 Age to Age. 4:30 Science Now. 5:00 Family Footsteps. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:25 Citizens (s): Omnibus edition. 7:10 Stop The Week (s) with Robert Robinson. 7:45 Saturday Night Theatre (s). 9:15 Music in Mind (s). 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 I Should Say So. The second of four Robb Wilton sketches by Allen Sadler. 10:30 The Late Play (s). 'The Cassandra Generation' by Frederick Harrison. 12:00-12:30 am News.

SUNDAY

†indicates programme in black and white

BBC1

9:15 am Articles of Faith. 9:30 This is the Day. 10:00 Man and Boy. 10:25 Take Nobody's Word for It. 10:50 Russian Language and People. 11:15 Deutsch Direkt! (German for beginners). 11:40 Bazaar. 12:05 pm See Hear! 12:30 Country File. 1:00 News; On the Record. 2:00 EastEnders. 3:00 Film: "North West Frontier" (1959) with Kenneth More and Lauren Bacall.

5:05 The Clothes Show. 5:30 Antiques Roadshow. 6:15 Lifeline. 6:25 News. 6:40 Songs of Praise. 7:15 Only Fools and Horses. 8:05 Mastermind. 8:35 Kane and Abel: Jeffrey Archer's international bestseller starring Peter Strauss and Sam Neill (final part tomorrow at 10:10 pm). 10:05 News. 10:20 Everyman: 'Talk of the Devil...' 11:10 Handmade. 11:40 The Sky at *Night*.

BBC2

9:15 am Now on Two. 12:00 Reportage. 112:50 Film: "I Remember Mama" (1948) with Barbara Bel Geddes and Irene Dunne. 3:00 Oh I Say!: 80th birthday tribute to Dan Maskell. 3:50 100 Great Sporting Moments: Roger Taylor and Bjorn Borg battle it out in the quarter-finals of Borg's first Wimbledon. 4:10 Music in Camera: The Tokyo String Quartet play Schubert's Quartet in G Major (D887). 6:00 Rugby Special. 5:55 Ski Sunday. 6:35 The Money Programme: John Fryer reports on the growing problem of American debt. 7:15 Atlantic Realm. 8:10 Simply Mozart: Mitsuko Uchida introduces and plays Mozart's Piano Sonata in C, K545.

8:10 New Scottish Art: Gwen Hardie talks about her paintings. 8:50 *Three-Minute Culture*: Michael Ignatieff talks to Channel 4 Chief Executive Michael Grade about the future of television. 10:05 Film: "Angel Voices" - a 'Screen Two' presentation starring Michael Williams as the choirmaster of a northern boys' choir on their annual trip to perform in Blackpool in 1963. But this year is the year of the Beatles when the youth of England went wild, and the young choristers catch the spirit of the times... The Manchester Boys' Choir play the 'Angel Voices' in Stephen Wakeham's story, produced by Andrea Molyneux and directed by Michael Darlow. 11:20 Snub: Jeanette Lee presents new, progressive and generally non-chart-orientated music.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Motormouth, including Fraggle Rock. 10:45 Link. 11:00 Morning Worship. 12:00 Encounter presented by Rabbi Lionel Blue. 12:30 pm The Weekend Live, including Police 5 presented by Shaw Taylor. 12:55 Local News and Weather. 1:00 ITN News. 1:10 Eyewitness. 2:00 Snooker: Mercantile Credit Classic - the recent finals. 3:00 The Match: Tottenham Hotspur v Nottingham Forest. 5:05 Snooker: Mercantile Credit Classic - the final. 6:30 ITN News. 6:35 Local News and Weather. 6:40 Highway.

7:15 Catchphrase. 7:45 Wish Me Luck. 8:45 Agatha Christie's Poirot 9:45 ITN News. 9:55 Local Weather. 10:00 The New Statesman. 10:30 The South Bank Show: Derek Walcott. 11:30 Soap. 12:00 The Chart Show, followed by ITN News Headlines. 1:00 am The Other Side of Midnight. 1:30 Pick of the Week.

CHANNEL 4

9:25 am Here and Now on 4. 10:00 The World This Week. 10:30 The World This Week. 11:00 The Waltons. 12:00 Treasure Hunt. 1:00 pm Lost in Space. 2:00 Film: "Azaad" (Hindi with English subtitles). 4:45 Rockhound Magoo. 4:55 News Summary and Weather. 5:00 The Business Programme. 5:30 American Football. 6:45 The Cosby Show. 7:15 Fragile Earth: The Goddess and the Computer. 8:15 Conquer the Arctic. 9:15 "A Child of Our Time" (The Sir Michael Tippett season concludes with a performance of his oratorio). 10:45 "Summer of '42" starring Gary Grimes and Jennifer O'Neill. 12:40 Beats of the Heart.

S4C WALES

As Channel 4 except-

8:10 am Sglitsu. 9:15 Hafoc. 1:00 pm People to People. 2:00 Film: "San Antonio" (1945) with Errol Flynn and Alexis Smith. 4:00 Taming the Flood. 6:45 A Different World. 7:15 Rebecca. 7:20 Newyddion. 7:30 Hen Wlo O Gastell Y Waun. 8:00 Enoc Hughes. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Hel Straeon. 9:30 Dyddiau Dyn. 10:30 Nid Oes Neb Wedi Gweld Duw Erioed.

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Farming Diary. 11:30 Prisoner: Cell Block H. 12:30 am Ski Tips.

BORDER

12:30 pm Out of Town. 11:30 Prisoner: Cell Block H. followed by ITN News Headlines. 12:30 am The Other Side of Midnight with Anthony Wilson. 1:00 Donahue.

CENTRAL

12:30 pm Here and Now. 11:30 Prisoner: Cell Block H. followed by ITN News Headlines. 12:30 am The Chart Show. 1:25 Film: "The Red Light Sting" (1984) with Beau Bridges and Farrah Fawcett.

CHANNEL

12:30 pm Reflections. 12:35 Les Francais Chez-Vous. 11:30 Mystery Theatre. 12:00 The Chart Show. 1:00 am T'Pau - Johnny Hates Jazz.

GRAMPIAN

11:00 am America's Top Ten. 11:30 Pick a Number. 12:30 pm Struggle Beneath the Sea - "Octopus". 2:00 Highway to Heaven. 4:00 Bullseye. 4:30 Ski Tips. 5:30 Scotsport including snooker. 11.30 Prisoner: Cell Block H. 12:30 am The Other Side of Midnight.

GRANADA

12:30 pm This is Your Right. 12:50 Aap Kaa Hak. 12:55 Granada Reports. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Other Side of Midnight.

HTV

12:30 pm West Country Farming followed by Weather for Farmers. 11:30 Prisoner: Cell Block H. 12:30 am The Chart Show, followed by ITN News Headlines.

SCOTTISH

10:45 am Glen Michael's Cavalcade on GMTV. 11:15 Link. 11:30 Life, Liberty and Laughter. 12:30 pm Spectacular Guinness Book of Records. 12:55 Scotland Today. 3:00 Murder, She Wrote. 4:00 Bullseye. 4:30 Start Ski-ing. 5:00 Scotsport. 11:30 Scottish Books: The monthly book programme presented by Sheena McDonald. 12:00 Crann Tara, followed by ITN News Headlines. 12:30 am The Other Side of Midnight.

TSW

10:30 am Gus Honeybun's Magic Birthdays. 10:32 TSW Community Action. 12:30 pm Farming News. 11:30 Space. 12:30 am The Other Side of Midnight.

TVS

12:30 pm TVS News. 12:33 Agenda. 12:58 TVS Weather, including farming weather. 11:30 Mystery Theatre. 12:00 The Chart Show.

TYNE TEES

12:30 pm Jack Thompson Down Under. 7:15 The Big Show - 30 Years On: Independent Television came to the North East 30 years ago today, marking its opening with 'The Big Show'. Tonight, the stars are back for a birthday celebration. 8:15 Wish Me Luck. 9:15 Agatha Christie's Poirot 11:30 The New Statesman. 12:00 Highway Patrol. 12:30 am ITN News Headlines. 12.32 The Other Side of Midnight. 1.00 Donahue.

ULSTER

12:30 pm Going By The Book: 1988 was the Year of the Bible. 11:30 Short Story: Irish Cinema 1945-1958. 12:30 am The Other Side of Midnight. 1:00 Donahue.

YORKSHIRE

12:30 pm Farming and Inshore Weather followed by Farming Diary. 11:30 Scrumdown. 12:30 am ITN News Headlines; The Chart Show.

SUNDAY RADIO

(S) Stereo on FM

BBC RADIO 2

7:30 am Paul Jones says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Kenneth McKellar Sings a Song for Everyone. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 Huddwinks. 7:30 The John Lawrenson Collection. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Steven Miller at the piano. 11:00 Peter Clayton with 'Sounds of *Jazz*'. 1:00 am *Alan Dedicoat* presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO3

7:00 am Stuttgart Chamber Orchestra. 7:30 News. 7:35 Louis Kentner (piano): Liszt, Lyapunov, Chopin, Beethoven. 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 BBC Philharmonic Concert, with Takashi Shimizu (violin): Haydn (Symphony No 78), Wieniawski (Violin Concerto No 1), Stravinsky (The Fairy's Kiss). 1:10 Gabrieli Quartet: Haydn and Ravel. 2:10 Third Ear. 2:50 Fauré: Steven Isserlis (cello) and Pascal Devoyon (piano). 3:25 Bournemouth Symphony Orchestra, with John Lill (piano): Rimsky-Korsakov (Russian Easter Festival Overture), Rachmaninov (Piano Concerto No 3), Shostakovich (Symphony No 6). 4:55 Celebrity Recital: Peter Schreier sings Schubert's 'Winterreise' with Andras Schiff (piano).

6:15 Imagine Camus Happy: Richard Mayne presents a documentary portrait and reassessment of Albert Camus. 7:15 Vivaldi Bassoon Concerto. 7:30 Boulez at the Barbican: BBC SO/Boulez, Pierre-Laurent Aimard (piano), Christine Whittlesey (soprano). Part 1: Boulez (Piano Sonata No 3). 8:55 Methods of Discourse: first of five programmes on the languages of thought in modern France. 9:15 Part 2: Boulez (Pli selon pli, portrait de Mallarmé). 9:40 Mozart and Fauré: Peter Manning (violin) and Julian Jacobson (piano). 10:30 Choral Evensong. 11:35 Goldmark String Quartet Op 8. 12:00-12:05 am News.

RADIO 4

7:00 am News; 7:10 On Your Farm. 7:40 Sunday with Libby Purves and Andrew Brown. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers. 11:15 News Stand with [illegible] Comfort. 11:30 Pick of the Week. 12:15 pm Desert Island Discs (s).

12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 "Secret Lives" by E.F. Benson (s). 3:30 A Green and Pleasant Land. 4:00 News; Classic Features. 4:07 Enquire Within.

5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs viewers' comments about BBC programmes and policy. 6:30 Cat's Whiskers. 7:00 News; Open [illegible]. 7:30 Fear on 4: 'Snipe 3807' by Graeme Fife. 8:00 Bookshelf. 8:30 Soundings. 9:00 News; The New Gods. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Fall In and Follow Me. 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:30 am News.